commerce, to provide funds for paying additional benefits under the Agricultural Adjustment Act, and for other purposes" (Public, No. 169, 73d Cong.), approved April 21, 1934; to the Committee on Agriculture.

By Mr. WOODRUM: Concurrent resolution (H.Con.Res. 45) to print and bind the proceedings in Congress and in Statuary Hall upon the acceptance in the Capitol of the statues of George Washington and Robert E. Lee, presented by the State of Virginia; to the Committee on Printing.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CLAIBORNE: A bill (H.R. 9897) for the relief of Gertrude Becherer; to the Committee on Claims.

By Mr. DE PRIEST: A bill (H.R. 9898) to authorize the presentation to Thomas M. Dent, Jr., of a Distinguished Service Cross; to the Committee on Military Affairs.

By Mr. MOTT: A bill (H.R. 9899) authorizing and directing the Secretary of the Treasury to reimburse Carrol D. Ward for the losses sustained by him by reason of the neglegence of an employee of the Civilian Conservation Corps; to the Committee on Claims.

By Mr. TRAEGER: A bill (H.R. 9900) for the relief of Lt. Col. Russell B. Putnam, United States Marine Corps; to the Committee on Claims.

By Mr. WOODRUM: Resolution (H.Res. 425) for the relief of Rosemonde E. Lafferty; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

5084. By Mr. RUDD: Petition of the Progress Shoe Co., Brooklyn, N.Y., opposing the passage of the new Wagner disputes bill; to the Committee on Labor.

5085. Also, petition of the Chamber of Commerce of the State of New York, favoring a further study of the Wagner bill; to the Committee on Labor.

5086. Also, petition of the Brooklyn Real Estate Board, opposing the passage of the new Wagner disputes bill; to the Committee on Labor.

5087. Also, petition of the Chamber of Commerce of the State of New York, opposing the passage of the silver legislation; to the Committee on Coinage, Weights, and Measures.

5088. Also, petition of open-shop section of the New York Employing Printers Association, opposing the Wagner disputes bill; to the Committee on Labor.

5089. By the SPEAKER: Petition of the Citizens Association of Takoma, D.C.; to the Committee on the District of Columbia.

5090. Also, petition of W. E. Clark and others, supporting House bill 9596; to the Committee on Interstate and Foreign Commerce.

SENATE

MONDAY, JUNE 11, 1934

(Legislative day of Wednesday, June 6, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, June 9, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Bulkley
Ashurst	Bankhead	Bone	Bulow
Austin	Barbour	Borah	Byrd
Bachman	Barkley	Brown	Byrnes
Capper	George	Lonergan	Robinson, Ind.
Caraway	Gibson	Long	Russell
Carey	Glass	McCarran	Schall
Clark	Goldsborough	McGill	Sheppard
Connally	Gore	McKellar	Shipstead
Coolidge	Hale	McNary	Smith
Copeland	Harrison	Metcalf	Steiwer
Costigan	Hastings	Murphy	Stephens
Couzens	Hatch	Neely	Thomas, Okla.
Cutting	Hatfield	Norbeck	Thomas, Utah
Davis	Hayden	Norris	Thompson
Dickinson	Hebert	Nye	Townsend
Dill	Johnson	O'Mahoney	Tydings
Duffy	Kean	Overton	Wagner
Erickson	King	Patterson	Walcott
Fess	La Follette	Pittman	Walsh
Fletcher	Lewis	Reynolds	Wheeler
Frazier	Logan	Robinson, Ark.	White

Mr. LEWIS. I announce that the Senator from California [Mr. McADOO] is detained from the Senate by illness, and that my colleague the junior Senator from Illinois [Mr. DIETERICH], the Senator from Florida [Mr. TRAMMELL], the Senator from Indiana [Mr. VAN NUYS] are necessarily detained. I ask that this announcement may stand for the day.

I wish further to announce that the Senator from Idaho [Mr. POPE] is absent in attendance on the funeral of the late Representative COFFIN, of Idaho.

Mr. HEBERT. I wish to announce that the Senator from New Hampshire [Mr. KEYES] and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

I also wish to announce that the senior Senator from Pennsylvania [Mr. REED] is absent on account of illness.

I ask that these announcements may stand for the day.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PAYMENTS OF JUDGMENTS AND DEFICIENCY AND SUPPLEMENTAL ESTIMATES

The VICE PRESIDENT laid before the Senate four communications from the President of the United States, transmitting, pursuant to law, the following matters, which, with the accompanying papers, were severally referred to the Committee on Appropriations and ordered to be printed:

Deficiency estimate of appropriation for the District of Columbia for the fiscal year 1933, for judicial expenses, in the amount of $390 (S.Doc. No. 209);

List of judgments rendered by the Court of Claims which have been submitted by the Attorney General through the Secretary of the Treasury and requiring an appropriation for their payment, under the War Department, $62,306.10 (S.Doc. No. 212);

Deficiency estimate of appropriation for the fiscal year 1932 in the sum of $70.70, and a supplemental estimate of appropriation for the fiscal year 1935, in the sum of $50,000, amounting in all to $50,070.70, under the Department of Justice (S.Doc. No. 211); and

Two supplemental estimates of appropriations for the Civil Service Commission, for the fiscal year 1935, in total amount of $340,000 (S.Doc. No. 210).

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The VICE PRESIDENT announced his signature to the following enrolled bills and joint resolution, which had previously been signed by the Speaker of the House of Representatives:

S. 74. An act to authorize payment of expenses of formulating claims of the Kiowa, Comanche, and Apache Indians of Oklahoma against the United States, and for other purposes;

S. 870. An act for the relief of L. R. Smith;

S. 1173. An act for the relief of Gladding, McBean & Co.;

S. 2130. An act to authorize an appropriation for the purchase of land in Wyoming for use as rifle ranges for the Army of the United States;

S. 2674. An act to amend an act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power, to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", approved May 12, 1933;

S. 2898. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd against the United States;

S. 3040. An act to give the Supreme Court of the United States authority to make and publish rules in actions at law;

S. 3237. An act to repeal certain provisions of the act of March 4, 1933, and to reenact sections 4 and 5 of the act of March 2, 1929;

S. 3502. An act authorizing the Oregon-Washington Bridge board of trustees to construct, maintain, and operate a toll bridge across the Columbia River at Astoria, Clatsop County, Oreg.;

S. 3521. An act to facilitate purchases of forest lands under the act approved March 1, 1911;

S. 3615. An act authorizing the county of Wahkiakum, a legal political subdivision of the State of Washington, to construct, maintain, and operate a bridge and approaches thereto across the Columbia River between Puget Island and the mainland, Cathlamet, State of Washington; and

S.J.Res. 100. Joint resolution authorizing suitable memorials in honor of James Wilson and Seaman A. Knapp.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the Provincial Board of Agusan, P.I., protesting against the imposition of an excise tax on coconut oil imported to the United States from the Philippine Islands, which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a memorial from the New York Plate Printers Union, Local No. 58, signed by its secretary, O. Ernest Knoblock, of Brooklyn, N. Y., remonstrating against the printing of bank notes for the Government of Cuba by the Bureau of Engraving and Printing, which was referred to the Committee on Printing.

He also laid before the Senate the memorial of the Committee of Three, elected by the recent Veterans National Rank and File Convention assembled at Fort Hunt, Va., and Washington, D.C., remonstrating against the alleged action on the part of officials at the Capitol in escorting J. R. Wholley, a member of the above-mentioned committee, from the Capitol Building, which was referred to the Committee on Rules.

He also laid before the Senate a telegram in the nature of a petition from Amon G. Carter, of Forth Worth, Tex., praying for the prompt enactment of pending oil-control legislation providing regulation for the petroleum industry, which was ordered to lie on the table.

He also laid before the Senate letters from officers of the Southern Pecan Shelling Co., Erler Manufacturing Co., and San Antonio Broom Factory, all of San Antonio, Tex., remonstrating against the passage of the bill (S. 2926) to equalize the bargaining power of employers and employees, to encourage the amicable settlement of disputes between employers and employees, to create a National Labor Board, and for other purposes, and also the enactment of proposed amendments to the Agricultural Adjustment Act, which were ordered to lie on the table.

Mr. CAPPER presented petitions, numerously signed, of sundry citizens of Topeka, Kans., praying for the enactment of old-age pension legislation, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the board of directors of the Twenty-ninth Ward Cooperative Savings & Loan Association, Brooklyn, N.Y., protesting against the formation or establishment of competitive savings and loan associations authorized and sanctioned by the Government, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Immigration Restriction League, Inc., of New York City, N.Y., protesting against the enactment of legislation loosening immigration restrictions, which was referred to the Committee on Immigration.

He also presented a resolution adopted at a council meeting of the chiefs of the Six Nations of the Iroquois Confederacy, assembled at the Onondaga Indian Reservation, N.Y., protesting against the passage of the so-called "Wheeler-Howard Indian welfare bill", on the alleged ground that the said bill impairs and violates the treaties of the United States with the Six Nations, which was referred to the Committee on Indian Affairs.

He also presented a resolution adopted by the Woman's Christian Temperance Union of Ithaca, N.Y., favoring the passage of House bill 6097, providing higher moral standards for films entering interstate and foreign commerce, which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the convention of the National Women's Trade Union League of America, favoring the passage of the bill (S. 1842) to amend sections 211, 245, and 312 of the Criminal Code, as amended, relating to birth control, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Central Delegate Committee of the Nassau County (N.Y.) Socialist Party, favoring the passage of the so-called "Costigan-Wagner antilynching bill", which was ordered to lie on the table.

He also presented a petition of sundry citizens of Port Byron, N.Y., praying for the passage of Senate bill 3231, providing for the pensioning of railroad employees, which was ordered to lie on the table.

He also presented a memorial of sundry citizens of New York City, N.Y., remonstrating against the adoption of certain paragraphs of Senate bill 3266, proposing to amend the Railway Labor Act, approved May 20, 1926, etc., which was ordered to lie on the table.

He also presented a resolution adopted by the Parent-Teacher Association of the Seaman Avenue School, Freeport, N.Y., endorsing the investigation by a Senate committee of the activities of manufacturers of arms and munitions, which was ordered to lie on the table.

He also presented a resolution adopted by the Central Delegate Committee of Nassau County, N.Y., endorsing the investigation by a Senate committee of the activities of arms and munitions manufacturers, which was ordered to lie on the table.

He also presented a resolution adopted by the Architectural Sculptors and Carvers' Association of New York City, N.Y., favoring the passage of the so-called "Connery bill", providing a 30-hour work week, which was ordered to lie on the table.

SURVEY OF NATIONAL CONDITIONS

Mr. FLETCHER presented a letter from John Carey, assistant to the vice president of the Church Life Insurance Corporation, New York City, which was ordered to lie on the table and to be printed in the RECORD, as follows:

CHURCH LIFE INSURANCE CORPORATION,
New York, June 6, 1934.

Hon. DUNCAN U. FLETCHER,
Senate Office Building, Washington, D.C.

MY DEAR SIR: You will, I think, be interested in the enclosed pamphlet which sets forth the results of a recent survey of national conditions made by this corporation.

The questionnaires were sent to leading clerical and lay officials throughout the Protestant Episcopal Church. Among those who replied are many of the Nation's leaders in business, industry, and transportation. Ninety-two percent of the questionnaires returned report that general business conditions are on the upward trend, while 74 percent of those reporting improvement pronounce the trend a decided one.

I hope that this survey may be of interest to you. If you would like to have other copies I should be glad to send them to you.

Sincerely yours,

JOHN CAREY,
Assistant to the Vice President.

REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, to which was referred the bill (H.R. 8544) making receivers appointed by any United States courts and authorized to conduct any business, or conducting any business, subject to taxes levied by the State the same as if such business were conducted by private individuals or corporations, reported it with an amendment and submitted a report (No. 1372) thereon.

Mr. STEPHENS, from the Committee on the Judiciary, to which was referred the bill (H.R. 9404) to authorize the formation of a body corporate to insure the more effective diversification of prison industries, and for other purposes, reported it with amendments and submitted a report (No. 1377) thereon.

Mr. BACHMAN, from the Committee on Military Affairs, to which was referred the bill (H.R. 3084) authorizing the sale of portions of the Pueblo lands of San Diego to the city of San Diego, Calif., reported it without amendment and submitted a report (No. 1373) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 9645. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Washington, Mo. (Rept. No. 1374); and

H.R. 9721. An act authorizing the Spencer County Bridge Commission, of Spencer County, Ind., to construct, maintain, and operate a toll bridge across the Ohio River between Rockport, Ind., and Owensboro, Ky. (Rept. No. 1375).

Mr. HARRISON, from the Committee on Finance, to which was referred the joint resolution (S.J.Res. 135) to amend the Settlement of War Claims Act of 1928, as amended, reported it with amendments and submitted a report (No. 1376) thereon.

Mr. BARKLEY, from the Committee on the Library, to which was referred the concurrent resolution (S.Con.Res. 21) establishing a joint committee to investigate the question of participation by the Government in the Centennial of the Independence of the Republic of Texas, reported it without amendment.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 9th instant that committee presented to the President of the United States the following enrolled bills:

S. 1358. An act to provide for the improvement of approaches to the National Cemetery and the Confederate Cemetery at Fayetteville, Ark.;

S. 3041. An act to effectuate the purpose of certain statutes concerning rates of pay for labor, by making it unlawful to prevent anyone from receiving the compensation contracted for thereunder, and for other purposes;

S. 3211. An act to extend the times for commencing and completing the construction of a bridge across the Chesapeake Bay between Baltimore and Kent Counties, Md.;

S. 3540. An act to amend section 32 of the Emergency Farm Mortgage Act of 1933; and

S. 3640. An act granting the consent of Congress to the Tensas Basin Levee Board of the State of Louisiana to construct, maintain, and operate a free highway bridge across Bayou Bartholomew at or near its mouth in Morehouse Parish, La.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KING:

A bill (S. 3775) to credit the tribal funds of the Indians of the Uintah and Ouray Reservation with certain amounts heretofore expended from tribal funds on irrigation works of the Uintah and Ouray Reservation, Utah; to the Committee on Indian Affairs.

By Mr. DILL:

A bill (S. 3776) granting a pension to Jacob R. Stiltner; to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 3777) to correct the military record of William Grubbs; and

A bill (S. 3778) to correct the military record of Lowell Ostrander; to the Committee on Military Affairs.

By Mr. McCARRAN:

A bill (S. 3779) to amend section 4 of "An act to amend an act entitled 'An act to establish a uniform system of bankruptcy throughout the United States', approved July 1, 1898, and acts amendatory thereof and supplementary thereto", approved June 7, 1934; to the Committee on the Judiciary.

By Mr. WHITE:

A bill (S. 3780) for the relief of persons engaged in the fishing industry; to the Committee on Commerce.

By Mr. FRAZIER:

A bill (S. 3781) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California", approved May 18, 1928 (45 Stat.L. 602), by adding a new section thereto, to be known and designated as "section 8"; to the Committee on Indian Affairs.

AMENDMENT OF BANKING ACT OF 1933—AMENDMENT

Mr. WALCOTT submitted an amendment intended to be proposed by him to the bill (S. 3748) to amend certain sections of the Banking Act of 1933 and the Federal Reserve Act, and for other purposes, which was ordered to lie on the table and to be printed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, communicated to the Senate the intelligence of the death of Hon. THOMAS C. COFFIN, late a Representative from the State of Idaho, and transmitted the resolutions of the House thereon.

THE TARIFF—ADDRESS BY SENATOR HARRISON

Mr. CLARK. Mr. President, I ask unanimous consent to insert in the RECORD an address delivered on Friday last over the radio on a Nation-wide network by the Senator from Mississippi [Mr. HARRISON] on the subject of the tariff.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE ADMINISTRATION'S NEW TARIFF POLICY

As is quite well understood by everyone, partisans all too often play politics in an election year with important administration proposals. A party candidate must have some issues, some platform on which to run; and if he is not big enough to be constructive, then he may well be destructive. If he cannot praise, he presumes to condemn; if he cannot build, he connives to tear down; if he lacks a message of hope, he delivers one of fear; if he cannot advocate a program of national and international cooperation, he seeks to promote national and international discord, distrust, and hostility.

In the recent consideration of the administration's tariff policy no exception was made. But a large majority of the Congress this week brushed aside politics and passed through both the Senate and the House legislation providing for reciprocal tariff agreements. The bill in all probability will be signed by the President tomorrow, thus completing another step in his program.

Since the inauguration of President Roosevelt the people of the United States have demonstrated a keen and ever-increasing interest in the affairs of Government. This interest is more than a mere awakening of public consciousness; it is a realization of public participation, public responsibility, and public power. The average American citizen is no longer content to follow blindly; he wants to know where he is going.

For these reasons—believing as I do that the American public not only desires but demands information on matters of national policy—I readily accepted the gracious invitation of the Columbia Broadcasting Co. to undertake a brief analysis of the President's tariff program. We need go no further back than the Smoot-Hawley Tariff Act of 1930 to sketch the background for the present pitiful picture of our foreign trade. That act, the epitome of selfishness and greed, the perfection of political philandering, the sacrificial altar upon which the unprotected many were offered up for the appeasement of the false god of the fanatical few—that act, I say, was one of economic slaughter. By that act our Government established such inordinately high and inexcusable tariff duties upon many products that our markets were in effect closed. Stated in another way, we notified the world of our willingness to sell and our refusal to buy. And the notice was accepted with a vengeance.

Almost overnight the nations of the world began to shift their tariff rates, to enact new tariff restrictions, and to enter into reciprocal trade agreements. So swift and so devastating was the retaliation against us, so ruthlessly established were the trade quotas, cartels, and other restrictions to commerce that the United

States toppled from its dominating position in international trade and in the fall disrupted and shattered her entire economic machinery.

The trade war against us has not abated, but, rather, seems to be waging with added force. In 1933, 150 of these trade agreements were consummated, and at this time in 1934 they are still being made.

It is true, of course, that since 1929 world trade generally has declined. But proportionately our loss last year was greater than that of any other one of the 11 leading commercial countries. Last year, in fact, the trade of Germany, France, and Great Britain showed an increase in exports. But the loss to the United States continued, so that in 1933, for the first time since the World War, Great Britain's foreign trade exceeded our own.

So far as our Government is concerned, the startling story of our international trade is told in the figures, which show that it dropped from more than nine and one-half billion dollars in 1929 to a trifle more than $3,000,000,000 last year. We have, in effect, lost just two-thirds of our foreign trade. And yet the do-nothings express amazement and condemnation at the thought of any effort by a Democratic administration to get back some part of a six and one-half billion dollar loss!

They say, for instance, that since our foreign trade in recent years has accounted for the sale of only about 10 percent of our total production, while the domestic markets have absorbed 90 percent, we are fighting for a niggardly fraction—a mere drop in the bucket. Let us briefly examine this contention. How does it stand up as applied to specific commodities like wheat, lard, cotton, tobacco, petroleum, automobiles, and machinery? These are among our principal export products, and the 10-percent average loss becomes a 40-, a 50-, or a 75-percent actual loss to them. Destroy the export market for automobiles and you destroy millions of workers dependent on that industry. Or, to view this contention from another angle: What 10 percent of the income of a farmer or a business man represents production costs and what 10 percent represents profit? It makes a vast lot of difference whether the 10 percent is at the bottom or at the top. If the salable output of every ranch, farm, mine, and factory could be increased by 10 percent, what a blessing it would be for every person in this country. It would mean increased employment, increased returns, and would find its repercussions in a more prosperous condition in every trade and counting center in the country. Everyone who is doing me the honor to listen in appreciates that a 10-percent increase in sales—not just in production, mind you—may mean the difference between profit and loss, between operating and closing down, between prosperity and bankruptcy.

And now, permit me to summarize the method by which we seek to restore the United States to its proud position in world commerce. The legislation just passed by the Congress has as its purposes to assist in the restoration of the American standards of living, in overcoming domestic unemployment, and in increasing the purchasing power of the American public, by expanding foreign markets for our surplus products.

With these objects in mind the President is authorized to enter into reciprocal trade agreements with any other nation. In such agreements the President is authorized to raise or lower existing tariff duties by as much as 50 percent. The power to enter into these agreements expires after 3 years. However, it is possible, by mutual consent, to prolong or extend the period of operation, so that a satisfactory agreement might be continued indefinitely.

There is nothing radical or particularly new in this plan. Reciprocal trade agreements have been advantageously used, under various congressional acts, almost from the beginning of our history as a nation. In more modern times, powers similar to that conferred in the present legislation were given to President Harrison in 1890 and to President McKinley in 1897. Changing conditions have, of course, required changing legislation. Under recent acts, particularly those of 1922 and 1930, the President was given broad power over tariff rates, but he could act only after investigations and reports by the Tariff Commission. These investigations have been so prolonged that often the conclusions were out-of-date by the time they were arrived at. Of eight reports made in April of this year, for instance, the time consumed averaged about 19 months. Obviously, some speedier method had to be devised, and that has been taken care of. The President must, before acting, consult the Tariff Commission, the Department of State, the Department of Commerce, and may avail himself of any other government agency or department. But he is not required to sit with folded hands for month after month, awaiting a report which may be out-of-date when it reaches him.

Interested parties will be publicly notified of the intention upon the part of our Government to negotiate any such trade agreement and may present their views, protests, objections, or approval. Counsel, advice, and cooperation are desired.

In the consideration of this legislation in the Senate the two hardest drives against the proposal were on amendments which would have, first, excluded agricultural products, and, second, required that these agreements be submitted by the President for congressional ratification. Both of these propositions were decisively defeated. To remove agricultural and horticultural products from consideration by the President in negotiating these reciprocal trade agreements would be, in the first place, gross discrimination between agriculture and industry generally. Secondly, because of the very character of our country and the genius of our people, we produce more surplus agricultural products than we do industrial products. When markets abroad cannot be obtained for the sale of our surplus agricultural products, the effect is felt, not only by every other industry in America but by every person in the country. It so happens that there are innumerable paper tariffs on agricultural products which are wholly ineffective. Authority to negotiate concessions from foreign countries to the advantage of our country in these ineffective paper tariff duties should not be denied. Above all else, I would point out that the strongest and most persistent efforts made by this administration have been in behalf of agriculture; and it is unreasonable to imagine that this administration, so bent upon aiding agriculture, would use its power to injuriously affect it.

There is not an effective tariff duty on a single agricultural product that will be reduced by the President in any reciprocal trade agreement that he might conclude with any foreign country. President Roosevelt, in his Baltimore speech during the Presidential campaign of 1932, said:

"I know of no effective excessively high tariff duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program, and every farmer knows it and will not be deceived."

If the contention had prevailed in the Senate that these agreements, having been concluded, should be approved by the Congress, the delay that necessarily would have been occasioned and the uncertainty that would then have attached would have precluded us from obtaining worth-while concessions and advantages. If we are to win back our strong position in international trade, we must employ the same weapons that other governments are employing and must be in a position to wield them as swiftly and as effectively as do our competitors.

The reciprocal trade policy is one among the many great and constructive moves of this administration. It deserves the cooperation of every interest and industry in this country. If it is successful, which is our dream and hope, it will prove to be one of the great factors in our economic recovery.

THE FLETCHER-RAYBURN ACT

Mr. FLETCHER. Mr. President, I present a radio address of Charles H. Meyer, of the New York bar, entitled "The Fletcher-Rayburn Act", which I ask may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE FLETCHER-RAYBURN ACT

By Charles H. Meyer, of the New York Bar

One day in the year 1790, in the old city of New York, a group of 10 or 12 business men met under a large buttonwood tree in Wall Street to make the first public market for securities in the United States. There weren't many securities in which they could trade—a small issue of Government bonds, the stocks of two or three newly organized banks—and that was all.

Others soon joined these brokers in their daily meetings, and after some 27 years of outdoor trading, indoor space was rented to house their activities.

Thus was born the New York Stock Exchange. Today, with its 1,375 members, who trade in hundreds of different issues, it is the nerve center of a vast system which makes it possible almost instantly to buy or sell a security any place in the land.

The growth of the New York Stock Exchange and of other stock exchanges has been enormously valuable in the development of the Nation's resources and industries. Nevertheless, along with the growth of these exchanges certain conditions have arisen which, in the interests of the public as a whole and of investors in particular, seem to require corrective regulation. To regulate these conditions Congress has passed the Fletcher-Rayburn Act, technically known as the Securities Exchange Act of 1934.

The principal objects of the act are threefold: First, to prevent excessive speculation; second, to prevent market manipulation and other improper practices; and third, to prevent undue secrecy in the affairs of corporations whose securities are publicly owned. I shall discuss briefly how the act seeks to achieve each of these objects.

First, as to excessive speculation. Let us recall the hectic years ending in the crash of 1929, when every butcher, baker, and candlestick maker put every penny he could beg or borrow in the stock market. Not satisfied with buying stocks he had the money to pay for, he bought on margin. If he had $1,000, he would buy $5,000 worth of stock, paying his broker the $1,000 and borrowing from the broker the remaining $4,000. The broker, in turn, would borrow part or all of the $4,000 from his bank. The bank was glad to lend it, because interest rates on money loaned for stock-market speculation was much higher than on money loaned for use in business. Everybody wanted to speculate, and the plentiful supply of funds for that purpose made it easy for them to do so. The result was that prices of securities were bid up far beyond their true worth—and then came the crash.

The Fletcher-Rayburn Act seeks to prevent a repetition of that era of speculation by limiting the money available for trading on margin. The act authorizes the Federal Reserve Board, a Government agency, to restrict the amount of credit which a broker may extend to a customer. For the guidance of the Board, the act provides that under normal circumstances a broker may not lend a customer more than certain specified percentages of the cost of the stock. These percentages vary from a maximum of 75 percent to a minimum of 55 percent, and are so worked out that when stock prices are high the requirements are more rigid than when prices are low. The percentages specified in the act, however, are not inflexible, but may be increased or decreased by the Board as the public interest may demand. Moreover, in order to avoid any possibility of deflation at the present time, the margin requirements have been made inapplicable to existing margin accounts, if not used to evade the act, until July 1, 1937.

With the idea of further limiting the funds available for speculation, the act prohibits brokers, with certain exceptions, from borrowing money except from banks which are members of the Federal Reserve System. In this way the Federal Reserve Board is given control of the funds which can be loaned for stock-market operations. In the exceptional cases where, for the sake of convenience, brokers are allowed to borrow from others, safeguards are provided in order that the control of the Federal Reserve Board may not be impaired.

We come now to the question of market manipulation. It is the aim of the act to free security markets from artificial price fluctuations which have little relation to the true value of the security, but which are created by market operators for their personal profit. You have all heard of pools. They operate somethink like this: A group of men will acquire a large quantity of a particular stock, or, more frequently, they will acquire an option to buy a large quantity of the stock at around the prevailing price. They will then endeavor to enhance the price of the stock on the market in order that they may sell at a profit. This is sometimes done by large purchases and sales, principally between members of the pool themselves, at increasing prices, to create the impression in the public mind that a great demand for the stock is developing. These operations sometimes are accompanied by the circulation of rumors of various kinds which are calculated to arouse public appetite for the stock in question. In flagrant cases tipster sheets and other devices have been employed. The stock goes up. The public comes in and buys, and the pool sells. After its stock is completely sold, the pool discontinues its activities and divides its profits among its members. The public is left with the stock, which usually then recedes to its normal level.

These practices the stock exchanges have been unable adequately to curtail, largely because the principal offenders have not been exchange members but outside groups or operators. Now, however, market manipulation is banned by the act which specifically prohibits so-called "matched orders", fictitious or wash sales, the enhancing or depressing of prices to induce others to buy or sell, the spreading of false or misleading information, and the disseminating of information regarding pool activities.

Certain other practices, although frequently used in manipulation, have not been entirely forbidden because they often have legitimate uses, but have been subjected to regulation by the newly created Securities and Exchange Commission. These include the use of options, pegging or stabilizing prices, short sales, and stop-loss orders, all practices which are well understood in stock-market circles.

The act also subjects to regulation the activities of brokers who are engaged in the business of buying and selling securities both for customers and for themselves, in order that their conflicting interests may not injure the interests of their customers. Among other things, they must notify their customers of the particular capacity in which they are acting—that is, whether as brokers or as principals—and they may not carry on margin any new security in the distribution of which they participated for a period of 6 months. The Securities and Exchange Commission is authorized to make special rules limiting trading by stock-exchange members for their own account, whether on or off the floor of the exchange, by specialists, who specialize in transactions in a particular stock and make a market in that stock, and by dealers in odd lots, that is, in lots less than 100 shares.

Let us now consider the elimination of secrecy in the affairs of corporations whose securities are publicly held. The act endeavors to make available to all investors sufficient information to enable them to act intelligently in deciding what and when to buy and sell. For this purpose every corporation whose securities are listed on an exchange is required to file reasonably full information as to its affairs and keep the information up to date by annual and quarterly reports. In the filing of these reports due care is taken to protect trade secrets and processes. In order to discourage the improper use of confidential information by insiders for their own benefit, every officer and director and every stockholder who owns more than 10 percent of a company's stock is required to report his stock holdings and to keep the report of his holdings up to date. Furthermore, if any such officer, director, or 10-percent stockholder makes any profit by selling any stock of his company within 6 months of the time when he bought it, he is required to turn over the profit to the company.

These are some of the law's high spots. Several means have been devised to insure its enforcement. To violate it is a penal offense punishable by a maximum of $10,000 fine and 2 years' imprisonment, or, if the offender is a stock exchange, by a maximum fine of $500,000. There are also civil penalties. A person who illegally manipulates the market is liable for losses of investors who buy securities which are affected by the manipulation. A corporation filing a false or misleading report, as well as its officers, directors, and accountants who are responsible for filing it, may be liable for the losses of investors who purchase the corporation's securities in reliance on the report.

All stock exchanges, except small ones which may be exempted, are required to be registered. For violation of the act their registration may be revoked or suspended by the Securities and Exchange Commission. Their rules are subject to alteration at the Commission's instance. Securities which are listed on exchanges must likewise be registered. For violation of the act by listed corporations, or for failure to file required reports, the registration of a security may be revoked or suspended. Members of exchanges who violate the act are subject to expulsion, suspension, or other discipline.

Some have expressed the belief that the act may destroy the business of brokers and dealers in securities, and may detrimentally interfere with the business of corporations whose securities are publicly owned. This belief seems to me to be unwarranted, and to be founded largely on unfamiliarity with the act. Of course, much will depend on the rules which will be laid down by the Securities and Exchange Commission and by the Federal Reserve Board, which, between them, are vested with the administration of the act. I see no reason to fear, however, that anything in these rules or anything in the act will make it necessary for an honorably conducted business to be discontinued or radically curtailed. Nevertheless, it seems quite clear that every person whose business is in any way affected by the act can carry it on in safety only if he makes a thorough study and analysis of the act.

Investors, on the other hand, for whose protection the act was passed, should not feel that the act insures them against stock market losses. It does not even attempt to do this. It attempts merely to assure them an honest deal.

MONETARY USE AND PURCHASE OF SILVER

The Senate resumed consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

Mr. KING obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. KING. Certainly.

Mr. ROBINSON of Arkansas. There is an agreement for an equal division of time between the two sides of the Chamber between now and 3 o'clock. I ask unanimous consent that the time of this side of the Chamber be controlled by the Senator from Nevada [Mr. PITTMAN] and the time on the other side of the aisle be controlled by the Senator from Oregon [Mr. McNARY].

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. How much time does the Senator from Nevada yield to the Senator from Utah?

Mr. PITTMAN. Mr. President, the Senator from Utah has announced that he will take an hour.

The VICE PRESIDENT. The Senator from Utah is recognized for 1 hour.

Mr. KING. Mr. President, the measure before us is an important monetary-reform measure. Devout followers of monometallism confess to disappointment over the result of the efforts to force the gold standard upon the world. There is almost universal feeling that the present monetary and fiscal policies of governments have failed to meet their demands or the needs of the people themselves. Many who were apostles of the gold standard have abandoned their faith in its monetary competency and are searching for some financial and monetary system that will aid in relieving the world from economic, industrial, and financial collapse.

The students of finance and monetary questions seem to be groping in the dark as to the course to be pursued in order that stable monetary policies may be devised and maintained.

Repeating, it is manifest that an attempt to chain the world to the gold standard has brought disaster to nations and ruin to hundreds of millions of people.

The world has made great progress in science, and the forces of nature have been made the servants of the people for their advancement and profit in multitudinous ways. But with all these developments there has been unsatisfactory progress in meeting the fiscal and monetary needs of the people. Much has been written about money and the science of money, but there is still bewilderment and confusion, if not profound ignorance, in regard to this important question, so vital to the welfare of the people and the integrity of governments.

The age of barter belonged to primitive peoples, but even they learned that if progress were to be made, some system of exchange, some standard of value, some circulating medium must be found; and little by little instruments to facilitate trade and commerce were devised, and higher forms of civilization were assured. It has become axiomatic that money in the broad sense in which it is usually applied is a powerful factor in the progress and development of communities and nations. It is a civilizing agency, the importance of which has been demonstrated as the centuries have passed.

As an example of the importance of money one need only challenge attention to the rise and fall of nations. The Roman Empire is a classical example of this fact. It has been stated that Rome's advancement was in part measured by the gold and silver that came to her treasuries and were put into circulation among the people. The equivalent of nearly $2,000,000,000 of these precious metals were carried into trade and commerce, and met the monetary and financial needs of individuals, Provinces, and Rome itself, when the Empire was at its zenith. As the golden and silver treasures from within and without her borders were poured into her Provinces and into the seat of the Empire, trade and commerce were developed, industries were established, peoples of different races were brought into closer contact, a spirit of independence and courage and hope quickened the minds and hearts of the people, and life took on new meaning.

Later, however, when these monetary treasures were dissipated and lost, so that within the boundaries of the Empire there remained less than two hundred million, the intellectual, moral, and industrial gains of centuries were largely lost and millions of people were enveloped in darkness.

Historians, publicists, financial experts—all essay the task of exploring what many regard as the great mystery—money. Many thousands of volumes have been written to elucidate this subject and in advocacy of monetary and financial policies the various writers deemed important contributions to the solution of the problem which many regarded as insoluble. In our own day, we have financial experts, monetary reformers, professors of the science of money, theorists, pragmatists, and an unlimited number of pseudo-philosophers whose knowledge of the subject is as defective as was the chemical knowledge of the alchemists of old.

That the world today is sick from monetary maladies is conceded; and many nostrums have been administered which have aggravated the situation, if they did not speed the hour of dissolution of the patient. That the financial system of our own Government, since the demonetization of silver, has proven unsatisfactory, I think few will dispute.

The founders of the Republic wrote into the Constitution words indicating that gold and silver were to be the basic moneys of the new Republic. The Constitution takes cognizance of these metals. They were known to Washington, Hamilton, and Jefferson, as well as to the colonists. The Spanish silver dollar was a visitor in every home in the colonial period, as well as in the early days of the Republic. The relation between silver and gold, the ratio which they bore to each other for monetary purposes, the purchasing power of each, their importance as measures of value as stores of wealth—all these matters were understood by the founders from Hamilton and Robert Morris down to the humblest in the land. With the valuable lessons learned from the pages of experience, our fathers gave to the American people a sound and honest monetary system which was adequate for the young Republic and for succeeding generations.

But I shall recur to this matter later. For the present I desire to invite attention to the measure before us, and to the message of the President of the United States which accompanied its presentation to the Congress.

Preliminarily, may I say that various measures have been introduced in this and preceding Congresses upon the postulate that the gold-standard policy of our Government was inadequate to meet its requirements or the needs of the people. Since the demonetization or the destandardization of silver in 1873, there has been an almost unbroken volume of protest against gold monometallism and against financial policies written into the laws of our country. Political battles have been fought over the money question; but, notwithstanding the defeats of those who believed in a broader metallic base, and the restoration of silver to its proper monetary status, the question has not been regarded as settled by millions of American citizens.

In this Congress measures have been introduced in both branches, some calling for the remonetization of silver at a ratio of 16 to 1; some providing for the addition of silver to the monetary stocks of the country and making it coequal with gold.

Since the demonetization of silver by act of Congress in 1873 attempts have been made from time to time to have silver restored to its proper monetary status, but the single gold standard forces circumvented all efforts and united with the gold monometallists in all parts of the world to destroy silver as basic money and force the single gold standard upon the peoples of all countries.

With the defeat of the Democratic Party in 1896, it was believed that the single gold standard was forever riveted upon the American people, but there were millions of American citizens who were not satisfied with the monetary policy which then was adopted for this Republic and insisted that there should be a return to the bimetallic policy adopted by Hamilton and the founders of the Republic.

During the past 3 years, resolutions and measures have been offered in both Houses of Congress for the purpose of awakening the American people to the imperative necessity of broadening our metallic base by making silver basic money. Three years ago I offered a resolution challenging attention to the inadequacy of the gold standard, and requesting the President of the United States to call an international conference for the purpose of securing an international agreement looking to the remonetization of silver.

At a number of international conferences held during the past 3 years, the so-called "silver question" has been the subject of serious consideration. At the Economic Conference held in London in 1933, the silver question occupied an important place upon the agenda. I think it has been generally conceded that the gold standard was not meeting the monetary demands of the world and that steps must be taken to increase the use of silver for monetary purposes.

An agreement was entered into by some of the most important nations there participating, which called for an important change in their attitude toward silver for monetary purposes.

The Democratic Party at the convention which nominated Mr. Roosevelt for the Presidency declared in effect in favor of the rehabilitation of silver. Mr. Roosevelt during the campaign took cognizance of the growing demands for legislation looking to the restoration of silver to its former monetary status, and since his election he has given evidence of his belief in the importance of legislation looking to the attainment of that end.

By the act of May 12, 1933, the President was authorized by proclamation to fix the weight of the gold dollar in grains nine-tenths fine, and also to fix the weight of the silver dollar in grains nine-tenths fine, at a definite fixed ratio in relation to the gold dollar, at such amounts as he finds necessary from his investigation to stabilize domestic prices or to protect the foreign commerce against the adverse effect of the depreciated foreign currencies; and he was also authorized by proclamation to provide for the unlimited coinage of such gold and silver at the ratio so fixed. Not since silver was demonetized has a Chief Executive of the Nation evinced so sincere a desire for legislation for the rehabilitation of silver as has President Franklin D. Roosevelt.

In dealing with the so-called "silver question" he has exhibited that high quality of courage which has characterized his treatment of economic, industrial, and other questions which have engaged his attention. President Roosevelt has not been terrified by the threats of the gold monometallists, or frightened because of the menacing attitude of the reactionaries who have opposed his policies, and attempted to thwart the plans which he has formulated to lift our country out of the depression and to bring again prosperity to the American people. He found our financial system inadequate to meet the needs of the people, and he has inaugurated measures, the object of which has been to increase the purchasing power of the people and to aid them in escaping from the valley of darkness and depression into which they were plunged by unsound and, indeed, disastrous economic, industrial, and financial policies.

He found our own Nation overwhelmed with debt, and the world bowed beneath financial obligations which many believe will never be discharged.

During the past 2 or 3 months there have been frequent conferences by Members of the House and Senate looking to the enactment of legislation that would strengthen the metallic base upon which rests the currencies and credits of our country.

As might be expected, there were divergent views as to the kind of legislation to be enacted. It was found that with the entrenched forces battling for the gold standard, there would be difficulty in securing legislation which many desired. There were some sincere and ardent bimetallists who believed that an international agreement was necessary in order to secure the highest and best monetary results. Others believed that the United States alone could successfully maintain bimetallism. There were others who believed that the ultimate goal of genuine bimetallism could only be reached by progressive measures, including the addition of silver to the monetary stock of the Government. Several months ago, a number of Senators met for the purpose of discussing the so-called "silver question", and adopted a resolution which, in substance, declared in favor of bimetallism. Later, other conferences were held by these Senators, at one of which a committee of seven was selected, of which I had the honor to be chairman, to confer with the President and Treasury officials and Members of the House and the Senate with a view of agreeing upon some measure which might be enacted into law during the present session of Congress. This committee earnestly addressed itself to the task before it. I am betraying no confidence in stating that the President freely discussed with members of the committee the various suggestions and propositions submitted, and evinced a sincere desire to cooperate in securing legislation that would improve our monetary system and materially increase the monetary metallic stock of our country. At the final meeting between the committee and the President and the Secretary of the Treasury and Mr. Oliphant, the legal adviser of the Treasury Department, a proposed bill was presented and discussed, and an understanding reached that it would be submitted by the President for consideration by the Congress.

Within a few days thereafter the President sent to Congress a most important message accompanying the bill which passed the House and is now before the Senate for action. In the President's message, he refers to the London Conference and the approved agreement on silver which has been ratified by all governments party to the same. Under that agreement, a larger use of silver for monetary purposes is contemplated; and, as the President indicates, silver has assumed a more important place in the monetary structure of this and other countries. Following the London agreement, the President, as is stated in his message, adopted measures "which laid the foundation on which we are organizing a currency system that will be both sound and adequate. It is a long step forward, but only a step."

Mr. President, this statement by the President indicates that the administration is proceeding in the work of organizing a currency system that will be sound and adequate. It is apparent that the President does not consider our present monetary system adequate to meet the needs of the American people.

The President further adds in his message:

> As a part of the larger objectives, some things have been clear. One is that we should move forward as rapidly as conditions permit in broadening the metallic base of our monetary system and in stabilizing the purchasing and debt-paying power of our money on a more equitable level. Another is that we should not neglect the value of an increased use of silver in improving our monetary system. Since 1929, that has been obvious.

Permit me to add at this point that undoubtedly the President associates the debacle in 1929 with the inadequacy of the gold standard to meet the commercial demands of the people and the monetary requirements of both the Government and the people.

The President further adds that—

> Some measures for making a greater use of silver in the public interest are appropriate for independent action by us.

May I say to my friends who are insisting upon an immediate measure for bimetallism that the President obviously contemplates that this measure, when enacted, will be supplemented by others, either by the United States acting independently or by an international agreement with respect to the remonetization of silver.

He suggests increasing the proportion of silver in the abundant metallic reserves back of our paper money, and refers to the fact that this policy was initiated by the proclamation of December 21, 1933—

> bringing our current domestic production of silver into the Treasury, as well as placing this Nation among the first to carry out the agreement on silver which we sought and secured at the London Conference.

He further adds:

> We have since acquired other silver in the interest of stabilization of foreign exchange and the development of a broader metallic base for our currency.

The President further suggests that it will be helpful to have legislation broadening the authority for the "further acquisition and monetary use of silver."

It is manifest that the President is not satisfied with the monetary or financial policy of the Government, and that he is desirous of giving to silver a more important position in our monetary system and of placing it alongside gold as a basis for the support of our currencies and credits. He is not seeking Executive authority for the acquisition of silver merely for use as subsidiary coin; but the message indicates his belief that it should be acquired to strengthen our metallic base, to increase the amount of our monetary stocks, and to augment our circulating medium, so important in commercial transactions and in all functions discharged by basic or standard money.

Mr. President, we are not engaged in a futile undertaking. Neither the President nor those supporting this measure are indulging in idle gestures. The question before us is one of profound significance. I might say that the policy with respect to silver, and which this measure is designed to carry into effect, inaugurated by President Roosevelt, is epochal, and the beneficent effects flowing therefrom will not be confined to this Nation, but will bear fruits throughout the world. The contribution of our Government to the establishment and maintenance of a better and more just financial and monetary system will also promote the welfare of all peoples. A sound financial policy in this or in any other great nation will have important repercussions in all nations. The effect of monetary policies of a nation cannot be restricted. They will reach and affect other countries. Notwithstanding the follies of peoples and nations, their selfishness and provincialism, their efforts to isolate themselves and to ignore the fact that humanity has interests in common, the moral, spiritual, and progressive forces operating in the world frustrate such purposes and make for increased cooperation among communities and nations. A wise and sound monetary system in the United States will have its effect throughout the world. Its example will influence other governments, and its successful efforts to devise and maintain sound financial policies will have a profound influence among all nations.

I stated that the policy of the President, as indicated by the message and the steps which he has taken as Chief Executive, were so important as to be denominated epochal. They are a challenge to the sufficiency of the monetary system of the world today. They are a plea for the reconstruction of these systems. They are an appeal to reason and are calculated to compel statesmen to reexamine the basis of their monetary and financial systems with a view to discovering their imperfections and weaknesses, in order that there may be developed and maintained sounder and more just systems which, in their operations, will not crush and devour individuals and communities as have financial systems of the past, and even of the present. With the peoples and governments of the world bowed beneath colossal debts, with increasing deficits and mounting burdens of taxation, with declining prices of commodities, with mortgages which are chains of bondage unpaid and unpayable, it is imperative that in this and other lands there should be a resolute purpose to meet this desperate and appalling situation by measures, national and international in their operations, that will not only ameliorate the situation but will also open the gates to individual, national, and international financial freedom.

I shall recur to this subject later in my remarks, however. For the moment, I desire briefly to consider the bill before us.

There has developed some opposition to the bill before us, but in the main it came from supporters of the single gold standard—the gold monometallists. Of course I make no criticism of those who are satisfied with the gold standard, although I invite their attention to the fact that it has been abandoned by nearly all nations of the world. Even Great Britain, supposed to have been the impregnable financial fortress of the world, with the foundations of the fortress laid deep in gold, was compelled to surrender, and to confess that gold was not sufficient to meet her monetary requirements. I may say in passing that Mr. Keynes, who a few years ago was a protagonist of the gold-standard fallacy, now confesses it is insufficient, and argues for a regulated currency. He recently wrote:

> The periods when the supply of gold was such as to make it capable of serving the needs of the world's principal medium of currency have been rare and intermittent. If any metal is to make this claim on the basis of long historical experience, it must be silver, not gold.

Our own Government, with the crashing of thousands of banks, and the sweep of financial distress carrying ruin and calamity to individuals and communities in every part of our land, was compelled to depart from the gold standard, and later it devaluated gold. Then followed the inauguration of a policy the objective of which is the broadening of the metallic base of our monetary system, and the stabilizing of the purchasing and debt-paying power of our money on a more equitable level, by restoring silver to the exalted station which it occupied until 1873.

Mr. President, this bill declares a national policy, and that declaration is a pledge that the policy will be executed. It is not a temporary measure; it is not a temporary policy, but a national policy, permanent in character.

Section 2 declares it to be the policy of the United States that a proportion of silver to gold in the monetary stocks of the United States should be increased with the ultimate objective of having and maintaining one-fourth of the monetary value of such stocks in silver.

I repeat, this is a declaration of a permanent policy—not an emergency or temporary undertaking. The policy declares that the objective is not merely to make but also to maintain silver as one-fourth of the monetary value of our stocks of precious metals. Past legislation robbed silver of its high position, and enthroned gold as the sole basic metal in the monetary stocks of the Government.

It may not be inappropriate to refer to the declaration of the policy declared by Congress on March 1, 1893, which is still a part of the law of the land. That law reads:

> It is hereby declared to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity of value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts. And it is hereby declared that the efforts of the Government should be steadily directed to the establishment of such a safe system of bimetallism as will maintain at all times the equal power of every dollar coined or issued by the United States, in the markets and in the payment of debts.

This declaration of policy made in 1893 was reaffirmed by the unrepealed act of Congress on March 1, 1897, and again by the unrepealed act of Congress on March 14, 1900.

But the bill now before the Senate does not end, as these prior enactments have, with a mere declaration of policy, important as that may be. It proceeds in section 3, both to "authorize and direct" the Secretary of the Treasury to make the purchases of silver necessary to effectuate this policy. That is mandatory legislation.

I may say that in the discussions which culminated in the bill before us it was unanimously agreed that the provision for this purchase of silver should be mandatory in character, and I am privileged to state that, notwithstanding some of the newspaper reports to the contrary, the Secretary of the Treasury, and Mr. Oliphant, his assistant, were hospitable to suggestions made by the committee calling for a broad, comprehensive measure that would contain mandatory premium for the purchase of silver to be added to our monetary stock.

While the bill leaves some discretion in the executive branch of the Government as to the time at which, and the amounts of which silver shall be bought for the purpose of carrying out the declared policy of the Government to increase the use of silver, as a part of the reserves back of our currency, nevertheless the bill solemnly declares that it is a fixed policy of the United States to have and maintain one-fourth of the monetary value of its monetary stocks in silver. These provisions of the bill give silver the same status, prestige, monetary power, virtue, authority and validity as that possessed by gold. If gold (using the term employed by some Senators and others) is basic or primary money, then silver is also made primary money, and silver and gold linked together constitute the foundation or base upon which rests currencies, as well as the credits of the country.

Mr. President, this is a long step forward in the restoration of the monetary system which was established by Hamilton and maintained until 1873.

Section 3 not only authorizes but directs the Secretary of the Treasury to purchase silver at home or abroad for present or future delivery with any direct obligations, coins or currency of the United States authorized by law, or with any funds in the Treasury not otherwise appropriated, in order that the one-fourth of the monetary stocks of silver shall be secured.

There has been considerable discussion by Senators and others interested in monetary legislation, as to whether legislation for the purchase of silver should be directory or mandatory. The language of this section leaves no room for doubt. It is mandatory in character and is an obligation resting upon the Secretary which he may not escape.

It is true, as I have indicated that there is some limited discretion as to the times when silver is to be purchased, but it is mandatory that purchases shall be made, and that the declared policy of the Government shall be carried out. No one can doubt that if this bill shall be passed, solemnly declaring as a fixed policy of the United States, that the executive branch of the Government will fail to diligently and in all good faith carry out such policy so expressed.

Mr. President, I am privileged to state that not only the President of the United States has said that he will enthusiastically address himself to the execution of the terms of the bill, but the Secretary of the Treasury has stated that he, too, is enthusiastically supporting the bill, and in all of its implications will diligently and faithfully carry its terms into effect.

It is obvious that if the Treasury, in the acquisition of silver, were required to purchase certain quantities of silver at certain times and in definite amounts, the Government would be at the mercy of speculators, not only here, but in London and in the Orient. We know that there have been gold speculators and persons who have speculated in silver. There have also been speculators in agricultural commodities; and not infrequently the public has been the victim of unscrupulous individuals who have made enormous profits in their immoral and illegal operations. During the Civil

War there were speculators and gamblers in gold, and there were individuals so unpatriotic that when Lincoln and others were trying to save the Union, they conspired and confederated to make profits by speculating in the Treasury notes which Congress had issued. The low price to which the so-called "greenbacks" fell, was in part due to the deliberate, not to say criminal, speculative movements, carried out by these unpatriotic citizens. Obviously, wisdom dictates that there shall be some discretion given the executive branch of the Government in this matter. In view of the mandate and the policy, we must trust it to carry out the same.

Section 3 provides that when the stated proportion of silver has been secured, or when the market price of the same passes its present monetary value of $1.29 per ounce, purchases shall cease. The propriety of this provision is so manifest that it needs no elaboration. I might add, however, that any price up to $1.29 per ounce may be paid for silver in foreign markets and in the United States, after the present surplus in the United States has been dealt with. The section also provides that purchases of silver situated in continental United States on May 1, 1934, shall be made at a price not in excess of 50 cents a fine ounce. That provision is for the purpose of meeting a situation which many believe justifies its enactment. Undoubtedly there is silver within continental United States which has been purchased for speculative purposes at prices much less than 50 cents an ounce. If, by Government action, a limitation is placed upon these transactions, and profits are made therefrom, it is believed that the profits so made should be taxed, and provision is made in the bill to meet conditions of this kind.

Under this view it is proper that a reasonable limitation should be placed upon the price which may be paid for present accumulations of silver in this country, but it is to be noted that any price up to $1.29 per ounce can be paid for silver in foreign markets as well as in this country after such present accumulations are dealt with. Should the price of silver rise above $1.29 per ounce, the result would be that silver dollars would be melted down to the great detriment of the public interest. For that reason section 4 of the bill authorizes the Secretary to sell silver when its market price exceeds its monetary value of $1.29 per ounce or when the stocks of silver are greater than 25 percent of the stocks of gold and silver.

Section 4 is a necessary and proper complement to the preceding sections. It provides that so long as the market price of silver exceeds its monetary value, that is, $1.29 an ounce, or the monetary value of the stocks of silver is greater than 25 percent of the monetary value of the stocks of gold and silver, the Secretary of the Treasury with the approval of the President, and subject to provisions of section 5, may sell any silver acquired under the act for present or future delivery, at such rates and at such times and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest. The language of the section is clear and needs no explanation. The purpose of the act being to acquire silver for monetary stocks and at a price not exceeding the monetary value, then it necessarily follows that authority should be given to dispose of silver in order that the situation provided in the bill may be maintained.

Section 5 contains provisions of major importance. Section 3 authorizes and directs the purchase of silver, but section 5 makes it mandatory, that there shall be issued and put into circulation against all silver bought under the authority of this proposed legislation, silver certificates in a face amount not less than the cost of all silver so purchased. This means that the currency of the Nation must necessarily be expanded to the full extent of the market value of all silver purchased under the act. The important words in the section are that the Secretary is "directed to issue * * * not less than." In addition to this mandatory provision, the Gold Reserve Act of 1934 authorizes the issuance of silver certificates against any silver in the Treasury from whatever source derived, and under that law, unaltered by this bill, if any certificates are issued they must be issued on the basis of $1.29 per ounce.

It is to meet the mandatory provisions of this bill that one-fourth of the monetary stocks shall be silver, that the Government will be required to purchase more than a billion ounces of silver. Payment will be made for the same by the issuance of silver certificates which, as the bill provides, shall be legal tender, and have all the validity and qualities of gold certificates or any other money, specie, or currency of the Government.

Indeed, the section guarantees that silver certificates shall be just as good as any coin or currency of the United States. Ample silver reserves must be maintained back of these silver certificates, at the present statutory rate of $1.29 per ounce. They are made redeemable in standard silver dollars, and, as I have stated, will be made legal tender not merely for all debts, public and private, but also for all public charges, taxes, debts, and dues. This is the legal-tender provision now applicable to all forms of our money, and is reproduced, so to speak, in the measure before us.

The suggestion has been made that silver certificates should be issued on the basis that they would be redeemable in an amount of silver which a gold dollar would buy at the then current market price of silver.

I do not subscribe to this view. It seems to me that it would be a most unfortunate admission of the superiority of gold as a yardstick of value; it would disturb the present status of half a billion of silver certificates now outstanding, and it would add absolutely nothing to the standing or value of silver certificates either in the United States or in foreign countries. It has been suggested that it would lessen the demand for gold and thus relieve the strain upon gold reserves. I do not regard that position as sound. Even though silver certificates were made redeemable in the amount of silver purchasable at its current market price with a gold dollar, no holder of a silver certificate would have any reason for taking advantage of this statutory privilege.

So long as there are world markets in silver, the provision would be a complete nullity. The suggestion it seems to me, overlooks an elementary and inescapable fact. Any holder, foreign or domestic, could take his silver certificates into the open market and obtain the same quantity of silver for the same, that he could get from the United States Treasury. There would be therefore, no occasion for the holder to go to the Treasury with silver certificates in order to exchange them for silver. The silver in the Treasury is money the same as gold, performing all the functions that gold performs; it is a reserve the same as gold, for any silver certificates issued and outstanding. Certificates issued in payment for such Treasury silver, as I have stated, constitute genuine money, not token money, but real, lawful money of the United States which, in the hands of creditors or debtors is as good as gold certificates or any coin or currency issued by the Government of the United States.

I repeat that any suggestion that the market price of silver should be used in determining whether or not one-fourth of the monetary stocks is in silver, is subject to the fundamental objection that it degrades the status of silver from that of a monetary metal to that of a mere commodity. Market price necessarily means dollar value in gold. To evaluate our monetary stocks of silver at its market price means to measure its value in gold and hence to treat it as any other commodity in such evaluation.

If the suggestion is made with the thought that it would require the purchase of more silver in order to attain 25 percent, it probably overlooks the fact that it would not increase by 1 ounce the amount of silver which would have to be bought, if in the course of such purchases, silver reaches a market price of $1.29 an ounce.

Mr. President, I hazard the opinion, and it is a conviction, that under the operation of this bill the price of silver will steadily rise until it reaches $1.29 an ounce before we have attained the one-fourth of silver stock for which the bill calls.

This bill provides for the redemption of silver certificates in standard silver dollars, which means redemption in silver on the basis of its monetary value—that is, statutory price—of $1.29 per ounce. This provision gives silver certificates the full status of money. They have all the legal tender attributes that all other forms of United States coin or currency have, and the Government is bound at all times to maintain their purity with all other coin and currency. This is the basis on which over half billion of silver certificates that are now outstanding have been issued.

The situation is different for gold because, except in London, there is no effective open market for gold bullion. Hence the central banks or the mints are the only convenient places for obtaining gold bullion at a standard price. Not only would the suggested provision fail to accomplish the end sought by those proposing it, but it would have numerous unfortunate results: Thus (1) as I have suggested, it would bring into question the status of the half billion of silver certificates which are now outstanding and concerning which no question has ever been raised. A silver dollar is worth what it states upon its face; not its bullion value. If suggestions made by some critics of this bill were carried out the result would be that the silver dollar would have a valuation for bullion purposes, not a valuation for monetary purposes; (2) it would decrease the amount of silver certificates which could be issued against silver owned by the Government; (3) it would be a step backward because the whole tendency today is away from making currency redeemable in bullion except for shipment abroad in settlement of international balances; and finally, (4) to repeat, to measure the monetary value of silver in gold, as this suggestion proposes, would constitute an unfortunate admission of superior merit of gold as a yardstick of value. In addition such a redemption provision would introduce a multitude of administrative difficulties in determining and providing the needed silver reserves which would shift from day to day and from hour to hour. We have never had a form of money redeemable in a fluctuating quantity of precious metal.

I stated that the suggestion that the redemption of silver certificates in silver, meets the whole point involved in the rehabilitation of silver. The core of that problem is making silver worth in the silver markets of the world $1.29 per ounce which is what the law of this land declares to be its monetary value.

It also fails to take cognizance of the purpose and language of the bill, that silver is made a part of our monetary stocks, and as I have stated, is with gold, the foundation upon which rests currencies and credits.

This measure goes straight to the heart of the problem, because it provides for the purchase of silver in quantities designed to restore the metal to its proper place in the markets and commerce of the world. That it will accomplish that result I verily believe. All who are interested in the restoration of silver to its proper place in our monetary system and in broadening the base of our entire monetary structure, must, I believe, reach this conclusion.

This bill seeks to put silver in its proper place. When silver has again attained its monetary value, the first thing to be done will have been accomplished.

Section 6 of the bill provides important reserve instrumentalities, should they be needed for the protection of the public interest in the execution of the silver policy declared in this proposed legislation. The Secretary of the Treasury is authorized, with the approval of the President, to investigate, regulate, or prohibit by means of license or otherwise, the purchase, importation, or exportation of silver, and of contracts whenever necessary to prevent a frustration of the policy announced in this measure. That will be, in my opinion, effective to prevent attempts among silver holders to dictate the terms under which silver purchases by the Government are made.

Section 7 is equally important. It gives the Executive authority power to take over the excess stocks of silver in this country upon payment of just compensation. It is important that this authority be among the implements which the Executive authority may use, if required, in the process of making the policy of this legislation an actuality. While the bill lacks none of the vigor necessary for the purpose in hand, it is drawn with commendable restraint. Thus, it provides for the acquisition of existing silver stocks in this country by voluntary sale to the Government, if they can be obtained in that manner, but further provides for their acquisition by eminent domain if that should become necessary in the public interest.

I wish to say a word about the part of the bill providing for a tax of 50 percent on profits accruing from dealing in silver. The quantities of silver which would have to be purchased in carrying out the policy of this act are of such magnitude that large profits would accrue to some speculative holders of this metal, as its market price approached its monetary value of $1.29 an ounce. Unless some of our gold is released for the purchase of silver or is otherwise disposed of, over a billion and a third ounces of silver will have to be purchased. The total floating supply of silver in this country, not required for industry, is probably about 150,000,000 ounces, and the total excess of silver which has come on the world markets during recent years from the debasement of the currencies of other nations, has been estimated at about three-quarters of a billion ounces. Much of this has probably disappeared as precious metals do. Therefore, the probable available supplies of silver are such that purchases of silver of the magnitude contemplated by this proposed legislation cannot be made without a rise in its world price that will result in substantial profits to speculative dealers in this metal. And, since this increase in value would result from governmental action, it is only right and just that a portion of the profits realized should be paid into the public treasury.

In his message of May 24, the President stated that—

> There should be a tax of at least 50 percent on the profits accruing from dealing in silver.

Section 8 of the bill seeks to carry out the President's recommendation. An examination of this impost, its purpose and affects, its incidence and burdens, its advantages and disadvantages, as a part of our monetary plan presented, warrants the conclusion, I believe, that it is a proper and just feature of this program.

As indicated, the primary object which is sought to be accomplished by this proposed legislation is the improvement of our monetary system through the broadening and strengthening of its metallic base. Its purpose, likewise, is to increase the circulating medium and to that extent, increase commodity prices and contribute to increased industrial and commercial activity.

This measure seeks to develop further the monetary uses of silver, the result of which must be improved business conditions. Undoubtedly the enactment of this measure will stimulate the domestic mining industry with the consequent increase in employment in that industry and in other industries which are directly or indirectly associated with it.

There is one group to which I have referred which will be affected by this provision; a group that neither produces silver nor consumes it, but deals in silver. This group seeks only a profit resulting from the success or failure of the efforts of others, from the action or inaction of the Government, in fact, from all the chances or mischances of life. These are the speculators. It is they who have guessed, perhaps shrewdly, that the Government would take steps similar to those indicated in this bill and are ready to glean, without effort, large profits. It is believed by many that under these circumstances they should not be the sole beneficiaries of their speculative activities.

There were many in the House of Representatives, as I am advised, when this bill was under consideration, who believed that the entire profits of these speculators should inure to the benefit of the Government. The tax seeks to deal in a fair way with this situation through governmental action.

Undoubtedly the price of silver will be enhanced. In that event silver and the contracts for its delivery would be bought and held by those who perhaps never saw a silver mine, nor even purchased silver for industrial purposes.

They have been content to permit the Government to make a profit for them.

It would seem that this is an unearned increment in which the Government is warranted in sharing.

The tax in this bill is levied upon " all transfers of any interest in silver bullion ", but does not extend to transfers by deposit or delivery to the United States Mint under proclamation by the President, nor to transfers in compliance with any Executive order issued pursuant to section 7. Whom does it reach? The American producer will have no tax to pay, for the President's proclamation of December 21, 1933, permits all domestically mined silver to be deposited at the mints. Under the provisions of this bill, industry will pay no tax for the use of silver because only the profits on the sale of silver bullion are taxed. Only the speculator, or at most, the speculator and the middleman—the broker—will be forced to pay a tax. They will, of course, collect their commissions and will have a profit over and above the tax, equal to the amount of the tax.

It is argued by some that this tax will injure the silver market in the United States. It will tend to limit excessive and improper speculation, but not legitimate and proper market transactions.

If there had been legitimate efforts made to prevent the gambling and orgy of speculation in 1926, it would have been advantageous to the American people. The bill before us attempts to place silver, like gold, under governmental control, and henceforth, like gold, to affect it with a major public interest. Dealings in silver, like dealings in gold, should be primarily the Government's business; at any rate they should not be the speculator's business.

If the President and Secretary of the Treasury, in their efforts to carry out the policy established by this bill, were to be placed at the mercy of the silver speculators, it might interfere with the execution of the policy herein declared. Silver is not to be merely something on which traders may make a profit, but an instrument by the use of which a wise government may improve the condition of all the people.

I might add that there is need of revenue in view of the magnitude of governmental expenditures. The revenue which will be derived from this tax provision will, perhaps, not be great, but it will come, as I have indicated, from profits produced by governmental action, not from human effort and labor.

Mr. President, I have a chart here which I wish Senators would examine. I think it demonstrates that the tax provision of the bill will not injuriously affect the so-called " silver market " in the United States, but, on the contrary, will have a most salutary effect in the stabilization of prices and prevention of violent fluctuations which so often occur when gamblers and speculators intrude themselves into the business and industrial life of the people. An examination of this chart indicates that there was considerable speculation in the buying of silver futures, as indicated by these irregular lines [exhibiting], but when the President's message was announced, as indicated by the black arrow upon the chart, it shows that the silver market was not destroyed, as some may claim, but it was steadied, and the sales and purchases of silver became more uniform. Prior to that time, there were irregular purchases and evident speculation, which undoubtedly were injurious to many people.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Does the Senator from Utah yield to the Senator from Colorado?

Mr. KING. I yield.

Mr. COSTIGAN. In view of the endorsement by the able Senator from Utah of the tax feature of the pending bill, may I ask him whether he has made any calculation as to the probable purchases of silver under the bill which will or may accrue to the benefit of speculators?

Mr. KING. Mr. President, I have heard various figures stated, but my information is not sufficiently definite to justify my submitting figures with a certificate as to their accuracy. Undoubtedly, there will be several hundred million ounces of silver purchased.

Mr. COSTIGAN. Has the Senator incorporated in his informative address any statement as to the maximum amount of silver which the Treasury Department or the Executive branch of the Government will be directed to purchase under the provisions of the bill?

Mr. KING. Mr. President, in my opinion—and that is the opinion of the Treasury Department—the Treasury will purchase approximately 1,300,000,000 ounces of silver, and that will be the basis of the issuance of silver certificates.

Mr. COSTIGAN. Those purchases will be made, will they not, in order to bring about the proportion called for by the pending bill, as compared with the present proportion of silver to our basic metallic supply?

Mr. KING. Undoubtedly, and I may add, in reply to my friend from Colorado, that there may be some difficulty in obtaining 1,300,000,000 ounces of silver, but, of course, in the sincere effort to carry out the provisions of this bill and to purchase this quantity, silver is bound to rise until, as I stated a few moments ago, silver will reach $1.29 an ounce, the old historic value; and when that day shall come bimetallism will have arrived.

Mr. FESS. Mr. President, does the Senator plan to insert this graph in the RECORD?

Mr. KING. If I could, under the rule, I should be glad to do so.

Mr. FESS. If the Senator will permit me, I asked to have a graph printed in connection with what I had to say on this question a few days ago, but the Printer called me up and said that it could not be printed without the consent of the Joint Committee on Printing. I think that it is important to have this graph inserted in the RECORD.

The PRESIDING OFFICER. The Chair will state that he is advised, in order to have the graph printed in the RECORD, the consent of the Joint Committee on Printing will first have to be obtained.

Mr. KING. I will ask unanimous consent to have it inserted in the RECORD providing, under the rules of the Senate, it may be printed.

Mr. President, the draft of the bill carefully exempts from taxation the users of silver for industrial and similar purposes, and leaves tax-free newly mined silver now being disposed of to the Government under Presidential proclamation, with a further and more general provision exempting from this tax legitimate producers of silver who market their metal as it is produced, to whomever they may in the future sell it.

Mr. President, this bill constitutes but one part of the firm and orderly policy of the administration with reference to silver and other monetary matters. The President's message, and particularly the latter part of it wherein he refers to making both gold and silver, on some coordinated basis, a standard of monetary value, challenges our attention. This is an explicit reference to a reversal of the action so disastrous to silver which was taken when in 1873 it was demonetized, or, more accurately, destandardized by the party then in power. This, as I have stated, is an epoch-making pronouncement in our monetary history. I call particular attention to the significance of the following declaration in the President's message:

> * * * to arrive at that point.

That point, I may say, being the use of both gold and silver as a yardstick of value—

> We must seek every possibility for world agreement, although—

Now mark these words—

> it may turn out that this Nation will ultimately have to take such independent action on this phase of the matter as its interests require.

No wonder, Mr. President, that the adherents of the gold standard see in Mr. Roosevelt a friend of silver, a friend of the monetary system which was adopted by the fathers of the Republic. His message indicates a purpose to carry out a policy that will achieve the object to which I have referred.

Again President Roosevelt said in his message:

The ebb and flow of values in almost all parts of the world have created many points of pressure for readjustments of internal and international standards. At no time since the efforts of this Nation to secure international agreement on silver began in 1878 have conditions been more favorable for making progress along this line.

The final sentence of the message is:

* * * such an agreement would constitute an important step forward toward a monetary unit of value more equitable and stable in its purchasing and debt-paying power. * * *

I submit to the Senate that that is a statement of an unshaken purpose to move forward vigorously to a monetary structure more just and equitable in the evaluation of commodities and in the liquidation of debts. This message sounds the same note as that struck by the President in his radio address to the people of the United States on October 22, 1933, when he announced an orderly purpose and plan to restore commodity prices. The present bill is but a part of that plan. The language used on that occasion needs repeating:

* * * Finally, I repeat what I have said on many occasions, that ever since last March the definite policy of the Government has been to restore commodity price levels. The object has been the attainment of such a level as will enable agriculture and industry once more to give work to the unemployed. It has been to make possible the payment of public and private debts more nearly at the price level at which they were incurred. It has been gradually to restore a balance in the price structure, so that farmers may exchange their products for the products of industry on a fairer exchange basis. It has been and is also the purpose to prevent prices from rising beyond the point necessary to attain these ends. The permanent welfare and security of every class of our people ultimately depends on our attainment of these purposes. * * * Obviously, and because hundreds of different kinds of crops and industrial occupations in the huge territory that makes up this Nation are involved, we cannot reach the goal in only a few months. We may take 1 year or 2 years or 3 years. * * * No one who considers the plain facts of our situation believes that commodity prices, especially agricultural prices, are high enough yet.

* * * Some people are putting the cart before the horse. They want a permanent revaluation of the dollar first. It is the Government's policy to restore the price level first. I would not know, and no one else could tell, just what the permanent valuation of the dollar will be. To guess at a permanent gold valuation now would certainly require later changes caused by later facts.

* * * When we have restored the price level, we shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during the succeeding generation. I said that in my message to the American delegation in London last July. And I say it now once more.

The President in his message to the American people, which I have just quoted, reiterated a monetary policy that is a fixed part of the administration's program for dealing with the depression. When what he said on that occasion is read with what was stated in his message to the Congress on the gold bill and again in his message transmitting this bill to Congress, it becomes abundantly clear that both this bill and also the steps which he says are now under way to exhaust the possibility of international agreement on an improved standard of monetary value, are but two parts of a broad plan for the restoration of values destroyed by the depression, and for improving the monetary system under which our people work and live.

There is a growing conviction in many parts of the world that the gold standard has failed to meet the needs of the people and that silver must be restored to its former monetary status. As an evidence of this statement I invite the attention of the Senate to a manifesto issued by an organization in Great Britain, the members of which are among the leading statesmen, financiers, and industrialists of that country.

The manifesto declares in favor of the reintroduction of silver into the world's monetary system. It further states that as a first step the central banks might be authorized to keep a percentage of their—

metallic currency reserves in silver, which would then become freely available for payment of international differences as well as in support of domestic currency reserves. The metallic basis of credit would thus be expanded and the level of commodity prices raised and kept higher and more constant than would be possible with gold alone.

The association further declares that it is its opinion that if as a result of an agreement between the British Empire and the United States and the cooperation of the French Republic—

silver were reintroduced into the monetary system of the world the present depression would end and prices could be rendered comparatively stable on their higher level.

Mr. President, I ask that the manifesto of this association be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KING. Mr. President, earlier in my remarks I referred to a bill which I had offered in the Senate providing for bimetallism. That bill is pending before the Committee on Banking and Currency. I ask that at the conclusion of my remarks it be inserted in the RECORD.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KING. Mr. President, recently there have been a number of issues of the London Financial Times devoted to a discussion of the silver question. Some of the leading statesmen and industrialists of Great Britain contributed to the issues of the paper referred to. Among the persons referred to are: Sir Hugo Cunliffe-Owen, Bt., Sir Henri W. A. Deterding, Lord Hunsdon, Sir William Dampier, the Right Honorable L. S. Amery, M.P., Sir Robert Horne.

In these articles these distinguished British statesmen and industrialists discuss the importance of the rehabilitation of silver. They make it clear that the plan proposed in the bill under consideration rests upon a sound basis and if carried into execution will prove of inestimable benefit, not only to the people of the United States, but of all countries. With the limited time at my disposal, I shall not have time to read from the articles referred to, but ask unanimous consent to have excerpts from the same inserted in the RECORD without reading, at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. KING. Mr. President, before action is taken upon the bill, I shall have an opportunity to further discuss this important measure. It will, I am sure, receive the approval of the Senate. That it will prove of incalculable benefit to the people of the United States and, indeed, to the people of other countries, I have no doubt.

[From manifesto by the Silver Association]

The increasing strain placed upon our gold reserves from various causes drove this country to abandon the gold standard on September 21. This action has modified the situation by setting free the pound sterling to find that natural level which corresponds to a balance of trade. But it is inevitable that the question of the reestablishment of a metallic basis for credit should be discussed, and the silver association suggests that the advantages of employing silver should be carefully considered.

The importance that attaches to monetary systems, and in particular to price changes consequent on modifications of national and international monetary systems, has long been recognized. The voluminous records of half a dozen Royal commissions on the subject in the last 40 years testify to the difficulties with which successive generations of statesmen and administrators have been confronted in the task of adjusting the problems to which monetary changes have given rise, and the social and political disturbances which have followed in the wake of attendant economic complications. The world is now suffering from a catastrophic fall in prices ascribable, among other factors, to a shortage of gold arising largely from maldistribution. Owing to the war and its consequences, the United States of America and France have become world creditors. By means of high tariffs they refuse payments in goods, and they are not relending to the debtor countries. They have thus accumulated 60 percent of the world's stock of monetary gold, and, if war debts and reparations stand unmodified, this drain of money will continue. That which is left is not enough to carry the credit needed by the rest of the world, and prices have fallen catastrophically. The new creditor nations, holding contracts to be paid in gold, have thus lowered the value of their debtors' exports and left them no gold in which to pay. Even Great Britain has been forced to suspend payment in gold. The consequent fall in the value of the pound sterling, while producing some financial losses, has temporarily improved certain aspects of our trade position to the extent that it is stimulating exports and checking imports.

A DIMINISHING QUANTITY

The connection between war debts and tariffs, the maldistribution of gold and the present world depression, is becoming more clearly understood and remedial measures are under active consideration. It must, however, be borne in mind that, while the world's production of goods demands increasing currency and credit, the new gold available to meet monetary needs is likely, as the Macmillan report points out (par. 144-145), to be a diminishing quantity.

There is indeed a school of economists who dispute the necessity for a metallic basis. They point to the fact that already gold and silver coins are largely dispensed with as a circulating medium, that the sole use of our gold reserve today is to enable the country to meet obligations in its international balance of payments; they contend that a stable level of prices is more important than stable exchanges, and could be secured by the adjustment of credit in the light of index numbers based on commodities. Others think that, at the present time, the best course is to work for an economic league of those nations which will accept the pound sterling as the basis of their currency, with no link to gold or silver. It is, of course, conceivable that mankind may in time cease to demand a metallic basis for currency and credit, but those who, in the words of Mr. Francis W. Hirst (The Times, Nov. 6), "believe a metallic anchorage is indispensable, have to consider very carefully whether we can return to gold, and if so, on what terms; or whether a gold and silver basis (bimetallic or symmetallic) would be preferable."

The Silver Association holds that the world's monetary psychology still demands that currency and credit should rest upon tangible metallic substances possessing intrinsic, universally recognized value, easily stored, and easily transported. Experience shows that without such basis confidence in times of crisis gives way to panic and inflation becomes all too likely. The Silver Association is further convinced that if the need for a metallic basis be accepted the easiest and quickest way of restoring confidence, raising values, and stabilizing them when raised would be to widen the metallic basis of currency and restore confidence in silver, especially in the East, by reintroducing it into the world's monetary system. The question of silver is intimately bound up with the welfare of India and China. The facts that neither country exports silver to pay for its imports, that both normally have favorable trade balances, and that the amount of silver which each imports annually is determined by its trade surplus rather than the price at which the metal is offered do not invalidate the contention that both countries have suffered from the heavy fall in the value of silver which has taken place since 1928.

THE INDIAN PEASANT

India, which until recently was on a gold-bullion and is now on a sterling basis, invests, and has for centuries invested, much of its savings in silver. The popular sense of well-being is to a considerable extent dependent upon the value of such savings, and this dependence is rendered none the less real by the fact that a large proportion of the savings is frozen—that it takes, in other words, the form of hoards or ornaments. The realizable value of hoards and ornaments has been saved from catastrophic depreciation only by the imposition of an import duty on silver. Consequently the peasant who formerly enjoyed a comfortable feeling of prosperity and security now feels very much less certain of his position.

China uses silver in all her transactions, not only as a store, but also as a measure of value. Her people reckon prices in terms of dollars and taels and expand or contract their purchases of foreign goods in accordance with the number of dollars or taels which they must give for them. Many foreign goods, no doubt, still represent luxuries to Chinese buyers, and the hardship of deprivation ought not to be exaggerated. But some of the goods are no longer classifiable as luxuries. In the coastal regions they form part of the standard of life and affect the cost of living materially. In any case, diminished import of certain classes of goods, whether describable as luxuries or necessities, has contributed to the stagnation of the trade of the United Kingdom and of other countries. Similar considerations apply to Persia, which is not on the gold standard. At the sixth plenary meeting of the League of Nations, held on September 10, His Excellency M. Ala, the delegate of Persia, said:

"In addition to the main causes of the crisis to which previous speakers have referred, there is one to which the League's attention has not been sufficiently drawn. I refer to the loss in purchasing power of countries having a monometallic—a purely silver—currency, among which is Persia. To remedy this state of affairs it will be necessary to institute, through the technical services of the League, an exhaustive inquiry into the question of silver, the revalorization of which, with the effective cooperation of all countries concerned, would appear to be advisable."

It is no reply, either to oriental buyers or to western manufacturers and shippers, to say that the diminished importation of the goods in question is small in comparison with the more general decrease which has occurred in the trade of gold-using countries. For the resulting dislocation, increased by uncertainty as to the future of silver, has been serious, whether estimated in relation to the number of persons involved or to the economic, social, and, therefore, political consequences of the dislocation.

The fall in the value of silver has not been due to overproduction by the mines, nor is it explainable solely as part of the general fall in commodity values. The annual production has never equaled the effective demand. The progressive shortage from 1920 to 1930, inclusive, has totaled about 308,000,000 ounces. A surplus has been created only by the action of governments in throwing on the market some 408,000,000 ounces of demonetized metal. During the last 3 years over 200,000,000 ounces have thus been sold, chiefly by the Governments of India and French Indo-China. The natural tendency of silver to fall in value in sympathy with other primary commodities has thus been accentuated and accelerated by governmental policy. Alike in India, China, and Persia confidence in silver has been undermined, and so long as mistrust continues—as it must do while there is a prospect of further sales—we cannot expect those countries either to share fully in, or to contribute towards, a trade revival. If, on the other hand, confidence in silver were to be restored in those countries, and the rest of the world, which has suffered more than they have, supplied with an increased metallic basis for its currency and credit, there would be an immediate and world-wide recovery from the present depression, accompanied by a much more assured outlook in respect of the future than restored values based on gold alone could furnish.

SELF-REGULATING

There is no reason to fear that a moderate increase in the value of silver would lead to a great increase in available supplies. About three-quarters of the present production of silver is incidental to the processes of refining lead, copper, and zinc, and is consequently almost unaffected by changes in the price of silver itself. The fact that its production varies with the world demand for these base metals gives silver, as a currency basis, the advantage of being in a measure self-regulating, the supply of currency varying proportionately to the demand made upon it by the state of industry. Nor does experience suggest that a rise in price would bring hoarded silver into the market. On the contrary, the higher the price the less the Indian peasant is forced to surrender to the money lender when crop failure or other difficulties compel him to clear his debts. To the argument that a rise in the price of silver would injure the Chinese peasant by lowering the export price of crops which he has grown with borrowed dollars, it may be replied that, if the gold price of such crops also rose (a probable consequence of the restoration of silver to the world's monetary system), the peasant would suffer no harm. Indeed, he would probably be benefited. Not the least of his troubles at the present time is his inability to grow crops for export at a remunerative figure. Hence the fall in exports which the Chinese customs returns for 1930 show, a fall which is reflected in the customs returns of India and Persia.

To the further objection that banks with silver liabilities covered by gold assets would be seriously perturbed by a rise in silver, and that an abrupt change in the value of the currencies of China and Hong Kong would result in dislocation of business, it may be replied, first, that most banks operating in eastern countries hold silver assets against silver liabilities and gold assets against gold liabilities, and, secondly, that the risk of dislocation would be greatly lessened once it was known that the purpose in view was stabilization. China and Persia have shown in the past ability to adjust themselves to various higher levels; what has so often upset the calculations of Chinese and Persian merchants has been the lack of stability of exchange rates.

FIRST STEPS

The Silver Association urges that prompt consideration should be given to the suggestion that His Majesty's Government, with the support, if possible, of the Dominions, should convene or agree to participate in an international conference on silver, with a view to its reintroduction into the world's monetary system. As a first step the central banks might be authorized to keep a percentage of their metallic currency reserve in silver, which would then become freely available for payment of international differences as well as in support of domestic currency reserves. The metallic basis of credit would thus be expanded, and the level of commodity prices raised and kept higher and more constant than would be possible with gold alone.

In addition to the advantage of expanding the metallic basis of credit there would be the further benefit to be derived, from the point of view of trade, from a system based on the use both of gold and silver at a fixed ratio, which would have the advantage of avoiding exchange fluctuations between the gold- and silver-using halves of the world. There is not a trader, western or eastern, who does not deplore the instability which characterizes exchange rates. The world is, moreover, much better equipped to fix and maintain a ratio between gold and silver than it was when a bimetallic system was discontinued. Speaking at the American Chamber of Commerce on September 26, Lord D'Abernon said:

"The clear objective for New York and London must be the restoration of general prices to the level of 1929. * * * Both inflation and deflation are bad; what is wanted is stability."

The Silver Association is convinced that an immensely powerful group of communities such as the British Empire and the United States of America can do much to mitigate the worst effects of world-wide monetary fluctuations, and, indeed, to bring those fluctuations under control. Complete international agreement is, perhaps, in present circumstances impossible; nothing, however, is more likely to assist it than agreement between the British Empire and the United States of America with the cooperation of the French Republic. It is the opinion of the Silver Association that if, as a result of such agreement, silver were reintroduced into the monetary system of the world, the present depression would end and prices could be rendered comparatively stable on their higher level.

The executive committee of the Silver Association includes, besides Sir Robert Horne, M.P. (chairman), the Right Hon. L. S. Amery, M.P., Mr. T. D. Barlow, Lord Barnby, Mr. Clive Baillieu, Mr. D. G. M. Bernard, Mr. R. Boothby, M.P., Mr. Colin D. Brodie, Mr. J. S. Bruce, Mr. John Buchan, M.P., Sir G. Clarke, Sir H. Cunliffe-Owen, Lord D'Abernon, Sir W. Dampier, Mr. J. F. Darling, Lord Desborough, Mr. J. H. Grey, Lord Greenway, Mr. S. S. Hammersley, M.P., Col. F. L. Harden, Lord Hunsdon, Mr. H. D. C. Jones, Mr. F. A. Lauder, Sir James Leigh-Wood, Lord Lloyd, Lt. Gen. Sir G. Macdonogh, Sir Bernard Mallet, Mr. P. E. Marmion, Mr. S. F. Mayers, Mr. H. E. Moon, Sir Roland Nugent, Sir John Power, Mr. W. Maxwell Reekie, Mr. H. Rothbarth, Mr. E. Raymond Streat, Mr. E. W. D. Tennant, Mr. J. S. Wardlaw-Milne, M.P., and Mr. J. Wild. Mr. E. M. Gull and Sir A. T. Wilson are honorary secretaries of the association, whose office is at 99 Cannon Street, E.C. 4.

A bill to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes

Be it enacted, etc., That the proportional value of silver to gold in all coins which are by law current as money within the United States shall be as 16 to 1, according to quantity in weight of pure silver or pure gold; that is to say, every 16 pounds weight of pure silver shall be of equal value in all payments with one pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

SEC. 2. There shall be free coinage of both gold and silver, at the ratio fixed in this act, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coins, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 3. The dollar consisting of 25.8 grains of gold nine-tenths fine, or of 412.8 grains of silver nine-tenths fine, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

SEC. 4. The weight of the silver dollar shall be 412.8 grains troy of standard silver; the weight of the half dollar shall be 206.4 grains; the weight of the quarter dollar shall be 103.2 grains; and the weight of the dime shall be 41.28 grains.

SEC. 5. Subsection (b) of section 43 of the Agricultural Relief Act of May 12, 1933, except the last sentence of paragraph (1) thereof, as amended, is repealed; and all orders, regulations, and other action taken pursuant thereto inconsistent with the provisions of this act relating to the free coinage of gold and silver and establishing a ratio between gold and silver are hereby rescinded.

SEC. 6. The Secretary of the Treasury, with the approval of the President, is authorized to make rules and regulations for carrying out the provisions of this act.

FACTORS PERTAINING TO CREDIT—SILVER

SILVER AND THE ECONOMIC CRISIS—A SUGGESTED PRACTICAL SOLUTION

By Sir Hugo Cunliffe-Owen, Bt.

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What, then, are the causes of our economic and financial troubles? Put very briefly, they are the appreciation of gold in gold-standard countries and the depreciation of silver in silver-standard countries. In our own country we are today suffering severely also from our policy—unique now in the world—of free imports, but I am concerned rather with general world forces than with those peculiar to Great Britain.

It is a common observation that in the past 2 years the world has been afflicted by a fall in commodity prices almost incredibly severe and universally recognized as disastrous. In speaking thus of "the world" we ignore the important fact that a very large part of its trade is transacted on a monetary basis differing materially from our own. The fall in commodity prices is common to all gold-standard countries, but no such fall has occurred in China, that vast potential market for British goods, which still operates on a complex-silver standard.

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The responsibility of the western world for this catastrophic devaluation of savings, leading to all kinds of economic and social evils, cannot be evaded. Some economists are in the habit of attributing the recent slump in commodity prices to the unprecedentedly rapid increase in the world's output of raw materials and finished goods. Whether this be true or not of most commodities, it is certainly not true of silver, the output of which has been steady for many years past. The fact is that the whole weight of influence of the western world has been thrown into the scale in favor of gold as a sole monetary metal, and against the maintenance of silver in its age-old position as a basis of values in the east. This is clearly to be seen in our own policy regarding India, which has imposed a gold standard in the teeth of expert opposition, as well as in the steady movement of country after country away from silver towards gold. Ancient habit, however, is difficult to change, and it is impossible by ruthless government fiat to transform the conception of monetary value in countries like China or India. It is the action of the gold-standard world, in attempting to impose its policy and its monetary ideas on the east, that is principally, if not wholly, responsible for the disastrous fall in the value of silver.

The reactions of this development on the trade of the west, particularly of our own country, require no elucidation. Not only has the fall in silver impaired the power of the east to buy our goods, but it has enabled—indeed, forced—them to sell their manufactured products, in competition with our own, at prices so low as to oust our goods from important neutral markets. Self-interest alone, leaving aside altogether any question of equity or humanitarianism, demands that the west should realize its responsibility, and that the more powerful gold standard countries should regard it as their inescapable duty to ensure at least the maintenance of a minimum price for silver. Action along this line would directly assist in restoring prosperity, not only to silver-using countries like India and China, but also to silver-producing countries like Mexico, whose capacity for buying others' products has been ruinously depleted. The immediate result would be a market revival in the trade of the gold standard world.

A PRACTICAL SOLUTION

This duty—and it is nothing less than a duty—so far from being difficult would be comparatively easy to perform. It does not require the establishment of world-wide bimetallism, whatever the merits may be of that system. It can be done by a far simpler means. The principal producers—mainly, in order of importance, Mexico, the United States, Canada, and Peru—and the principal sellers—among whom the Indian Government is predominant—if brought together, might be relied upon to agree, for example, that they would not sell silver for export below a definite price, say 2 shillings per ounce, which minimum might perhaps be gradually raised as conditions improved. There would be little or no risk of increased production of silver in consequence of such a plan, for silver is produced mainly as a by-product of other metals, and the output is not in excess of normal consumption. The fall in the value of silver is not attributable to excessive and growing production; the difficulty has arisen from attempts to dispose of stocks arising from wide-spread demonetization and debasement of token currency. A scheme for maintaining the gold price of silver would arrest the trend away from silver standards towards gold, and set up a demand for silver in the east, which in course of time would absorb existing stocks and reestablish confidence in the ancient standard of half the world.

To the process of clearing existing stocks the gold standard countries could make a valuable contribution. The light-hearted abandonment of silver as a standard in India has been accompanied by severe dimunition of the quantities used even in token coin. We ourselves have reduced the silver content of our tokens, and similar action, in the direction either of a larger content of alloy or of the substitution of a different metal, has been widespread. A restoration even of the pre-war composition of silver coinable in western Europe would go a considerable way toward absorbing the existing stocks of silver.

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What more desirable, therefore, than that the demands for gold which arise from countries which by established usage prefer a different metal should be reduced to the lowest possible level? The restoration of silver as a dependable more stable store of value would go far to minimize the growing demands from the east for the metal which the west has endowed with a monopoly of monetary rights.

Clearly, it is to the advantage of the west, equally with the east, to act, and to act quickly. The fall in the value of silver must be arrested at once and a substantial and sustained recovery brought about. The new Government could scarcely act more wisely, in dealing with causes rather than symptoms, than by calling forthwith a conference of the western nations to consider the plight of silver and to produce a plan for its rehabilitation in the practical esteem of the whole world.

GOLD AS TRADE DESTRUCTOR—"MAKE THE WORLD INDEPENDENT OF IT"

[By Sir Henri W. A. Deterding, managing director of the Royal Dutch Combine]

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The last 12 years have shown in an ever-increasing degree that gold (elevated and reinforced more and more as a monopoly of measure) has been not only a cruel but a stupid master; created to be a servant of trade, it has been allowed to become the destructor of trade.

We have now arrived at the sad picture that all things which are necessary for life and comfort—namely, food and materials of every kind and description—are for a great part unsalable, and the only thing that people seem to be after is "gold." If it were the other way round, and all things which are necessary for life stood at a good price, and gold (being for practical purposes confined to cellars) almost worthless, the position would be more logical.

Still, this is the impasse at which we have arrived by using as a standard and a sole measure a metal which is not to be found in sufficient quantities to satisfy all the demand for it, and, secondly, which has been cornered by two countries.

Everybody seems to be at their wits' end how to end this crisis, but the most obvious way—that is, to make the world independent of gold—seems not to be considered seriously by many. Still, that is the only possible way unless gold should be found in very much larger quantities in some place or other in the world.

That there are some countries who, having all the gold they want and more, would be against creating a necessary competitor of gold as a standard, is natural, but it is unnatural that other countries would be willing to strengthen this impossible dictatorship of gold still further.

A VICIOUS CIRCLE

If we give the matter careful thought and use a little bit of imagination we should find that if this present position goes on unchecked, prices of all commodities will become still lower and lower, consumers getting poorer and poorer, thus being starved of even buying sufficiently of these commodities, and all that would be left in the world would be "gold", in some cold, deep cellars, invisible even to the world. Even now there are egotists who propose destroying wheat and cotton; if they would propose to do away with gold (a useless article for consumption) they would show more wisdom.

The world's progress demands that the dictatorship of gold be abolished in the shortest possible time. Surely, as confidence in the production of all commodities gets more and more shaken by their fall in prices, the bulk of gold must go on increasing in the cellars where there is such an abundance of it already. Is this progress? It may be the ideal of the miser, but it cannot be the ideal of the workers of the world.

During the war we had not only wheat as the sole food reserve of the country; we had stand-bys in other cereals, and will those who pin their sole faith on gold neglect to have a stock of the next useful stand-by—namely, silver!

I am sure that the same countries who are now anxious to ruin themselves in trying to get rid of their stocks of silver in a market devoid of buyers will become the most anxious buyers of that metal themselves in a time not far distant.

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STABLE STANDARD OF VALUE—EXISTING DANGEROUS POSITION

By Lord Hunsdon

I think that The Financial Times is rendering a public service in promoting a discussion of bimetallism in its columns, because the opinion of the city on currency questions will certainly carry weight, and, in view of the dangerous position which now exists, it is not likely to be influenced by prejudice either for or against the system.

The case for bimetallism, or at all events for a consideration of that system, has been placed before the public in "The Times" recently by many influential people, without eliciting any reply, and as bimetallism had been the currency system of the world from the dawn of commerce up to 1873, it appears to me that if gold monometallists have anything to say in defense of the present system—which is a modern experiment—it is up to them to say it now or to allow the case to go against them by default.

Speaking for myself, and, I think, for other bimetallists, we do not imagine that bimetallism would cure all the evils from which this country and the world are now suffering.

It would not, for instance, prevent the United States of America from stopping the purchase of goods from us by her tariffs or prevent us from purchasing goods from her and having to pay for them in metallic money.

It would not stop parties in the State from bribing the electorate wholesale by pensions, doles, and other social services.

It would not, in fact, mean a return to complete sanity, but what it would do would be to give the world a more stable standard of value, a par of exchange between gold and silver-using countries, greater purchasing power to China, and would restore value to the silver hoards of India and consequently produce an atmosphere in that country favorable to our continued occupation. Above all, it would raise prices and enable individual debtors and debtor countries to fulfill their engagements, and, if speedily introduced, would give the world a breathing space to set its house in order.

The present position is that our budget does not balance, that we cannot collect our debts, that our taxation is heavier than that of any other country, and finally, that a flight from the pound is threatened owing to the loss of our former credit, which evil a rise in bank rate by itself is obviously incapable of checking.

It seems fair, then, to ask monometallists: What is your remedy?

BEST METHOD OF EXPANDING CREDIT—MONETARY INSUFFICIENCY HANDICAP

By Sir William Dampier, Sc.D., F.R.S.

The financial crisis is due to causes partly national and partly international.

The immediate cause of the economic troubles from which the world is suffering is the continued fall of the general average level of prices—the rise in the commodity value of money. Owing to this change, all fixed or semifixed charges become more and more burdensome. Profits vanish, inroads are made on capital, then the wheels of industry stop. Industrial depression, in turn, lowers prices further; the whole process becomes cumulative.

So far, there is, I think, no difference of responsible opinion. It is when we push the analysis further and seek the causes of the fall in prices that argument begins. Some fix their eyes on commodities and talk about overproduction. Others think only of money, and point to the shortage of gold or to its maldistribution. The truth, as usual, lies between. Price is the sum of money in cash or credit we pay for a unit of goods or services, and the average level of prices depends both on the amount of currency and credit in circulation and on the amount of commodities available for the world's trade. Prices can be lowered either by an increase in the stock of goods or a decrease in the supply of money, and raised either by restricting output or by increasing the amount of money and credit or its velocity of turnover.

OUTPUT RESTRICTION DANGEROUS

Deliberate restriction of output is dangerous, as the history of rubber shows. Moreover, it tends to prevent that growth in wealth on which all economic progress ultimately rests. If we want to put up the level of world prices, we must look to the other factor, and increase our store of money and credit. But we must also somehow get them into circulation.

The first reform needed to produce a rise in world prices, a reduction in the value of money, is the cancelation of international war debts or the facilitation of relending operations. Secondly, an expansion of credit is necessary, so that trade, as it revives, shall not be checked by monetary insufficiency.

The first is obviously an international problem and cannot be solved unless the new creditor countries will forego their war debts or learn London's habit of foreign lending. The second is equally, though less obviously, international also. No one country can lower the value of its currency without putting up its internal prices compared with those of other countries, thus destroying its export trade and risking the great danger of run-away inflation. And the effect on world prices will be small and long delayed. But, if all the chief nations agree, reform would be easy.

Accepting the present international gold standard, the central banks could guarantee each other in raising the ratio of credit to reserves. This would be effective once trade revived, but would do little or nothing to start a revival. In a perfectly reasonable world there would be no need for a metallic basis for our currency. Credit could be created or withdrawn so as to keep the price-level, as shown by an index number, approximately constant. But experience shows that a metallic basis gives to currency a security partly real and partly psychological. There is probably enough gold to carry the world's present business at a higher level of prices were not that gold badly distributed and partly useless. But the yearly output of gold is likely to diminish, and, in default of action, a further fall in prices will follow.

SILVER'S REMONETIZATION AND CREDIT

For all these reasons, I am inclined to think that a remonetization of silver is the best method of expanding the world's credit, and diminishing slightly and slowly the commodity value of its various currencies—that is, of putting up the average price level of world commodities with no fear of dangerous inflation. This policy would have the additional advantage of restoring the purchasing power of India and China and other silver-using and silver-producing countries.

The stock of silver in the world is large and could readily be increased. This would tend to keep the supplies of money in step with business, and, therefore, prices constant.

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CALAMITOUS FALL IN PRICE—PURELY ARTIFICIAL ORIGIN

By the Right Honorable L. S. Amery, M.P.

The terrible economic crisis from which the whole world is suffering today is, in the main, a monetary crisis. Its direct cause is the progressive shortage of gold as compared with the world's needs for currency. That shortage has been due, in part, to the actual insufficiency of the world's new gold production to keep up with the total increase of production. In its last acute phase it has mainly arisen from the locking up of nearly three-quarters of the world's gold supply in two countries, France and the United States.

The consequent disastrous rise in the price of gold as compared with goods has been aggravated by a no less disastrous fall in the price of silver over the last three years, a fall of from 26d an ounce to about 13d an ounce. That the value of the only medium of purchase of the 400 million inhabitants of China and of the accumulated savings of the 350 million inhabitants of India has been halved has inevitably affected the rest of the world.

MARKET IMPOVERISHMENT

It has added to the difficulties of our manufacturers by the impoverishment of two markets already among the most important in the world and of immense capacity for absorbing overproduction elsewhere if only they were allowed to expand instead of being artificially contracted. It has helped to force down raw material prices yet further by what is in effect involuntary dumping. The indirect reactions of this situation in agrarian discontent, sedition, and boycott in India and in civil war in China have struck a further heavy blow at the prosperity of the world as a whole and of this country and of Lancashire in particular. It is, I believe, no exaggeration to say that until the price of silver is restored there is no chance of the solution of the Indian political crisis or of the establishment of an efficient Government in China.

What has caused this calamitous fall in the price of silver? The answer is misguided Government action. The fall in silver has been purely artificial. Since the war the production of silver from the mines has never equalled the demand. In fact, over the whole period 1920 to 1930 the demand has exceeded the commercial supply by some 328,000,000 ounces. But over that same period governments have dumped some 408,000,000 ounces on the market, partly, like the British Government, as a result of debasing their silver coinage, but even more, like the Indian and French Indo-Chinese Governments, in pursuance of the policy of selling their silver currency reserves in order to acquire gold and get on to a gold standard. It is the sale of 200,000,000 ounces since 1927, chiefly by the two Governments last mentioned, which has been the main cause of the recent break in price.

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The advantage gained by a mere increase in the commodity price of silver would be greatly enhanced if silver could be introduced into the currency system of the gold standard world to expand its shrinking supply of gold. That need not involve bimetallism in the ordinary sense of the word. It would be quite enough if the leading central banks were authorized to keep a percentage, say, 15 percent, of their metallic currency reserve in silver at the market price. Action on these lines would afford, I believe, by far the quickest and most immediately effective remedy to the whole world crisis.

The permanent remedy of a situation which if left unremedied may destroy our civilization should, in my opinion, also include some definite incorporation of silver with gold, at a fixed ratio, in the world's metallic exchange medium and as an element in world currency.

THE WORLD'S MONETARY PROBLEMS—MODERN EXPERIENCE MUST GUIDE

[By the Right Honorable Sir Robert Horne, G.B.E., K.C., M.P.]

There never was a time when it was more necessary for all economic theories and financial methods to be reviewed in the light of modern experience. So many rule-of-thumb methods have broken down; so many orthodox beliefs have failed in practice, that it is incumbent upon everyone to examine the foundations upon which his opinions and action are based. Among the questions that now clamor for fresh judgments are the problems connected with the monetary systems of the world. The fact that Great Britain has now been forced to suspend the application of the gold standard to our transactions, and that the operation of this well tried and famous system has brought about such amazing dislocations in the world, produces, by itself, a sufficient upset in people's minds to induce reflection and creates a readiness to revise opinions which had long appeared to be settled beyond controversy.

Among the problems which are now pressing themselves upon thoughtful minds, the silver question has recently assumed high importance. An expert in finance, who not many months ago said to me that he regarded the silver question as a chose jugee, told me last week that he was now convinced that the matter should be taken up afresh. The bimetallists at the end of last century who were defeated by the discovery of the vast gold resources of the Rand are once more taking up the cudgels in favor of a view which they never abandoned and which, as they will tell you, has been justified and confirmed by the course which events have taken. Much of the world's financial trouble and the startling events of recent days could have been avoided, as they will assure you, if only silver had not been deprived of the position which, up till 1873, it held in some of the important currencies of the world. For myself, coming to a fresh consideration of the problem after a lapse of many years, I am inclined to agree substantially with their view.

Our country has for some weeks been preoccupied with the task of balancing our national budget. Behind this duty lies, as nearly everyone acknowledges, the necessity of creating a favorable balance of trade. When the latter object has been achieved, our domestic position will be reinforced and our prospects of welfare greatly improved.

THE PARALYSIS OF WORLD TRADE

But even after these things have been done, there is no chance of enduring prosperity for any country unless certain things happen which affect in common all the nations of the world. The Macmillan committee has recently investigated with surpassing care the conditions which have caused the paralysis of world trade and the distressful condition of unemployment which affects every country. The conclusion at which these distinguished experts arrived ought constantly to be kept in mind by everybody who is seeking a solution for the adversity from which humanity is at present suffering. They find the core of the malady to lie in the catastrophic fall in commodity prices which has taken place in recent years, and they make it plain that, unless something can be done by which these will be raised, a serious disaster will be caused to all countries of the world alike.

"The avoidance," they say, "of such an event should be a prime object of international statesmanship. Our objective should be, insofar as it lies within the power of this country, to influence the international price level, first of all to raise prices a long way above the present level and then to maintain them at the level thus reached with as much stability as can be managed. We recommend that this objective be accepted as the guiding aim of the monetary policy of this country."

There will be few who will refuse to accept this considered judgment. The spectacle of the primary producers of the world attempting to meet debts contracted when their produce was twice as valuable in the market as it is now will be sufficient to convince even the most skeptical. Cast your eye over the primary producers of the world—in Australia, in New Zealand, in South America, in the Malay Peninsula, in the tea and sugar-producing areas—and you will witness the blight which has been caused by the terrible fall in price levels. Look again at the unemployment in the great manufacturing districts of Britain and Germany and America and you will see the effect of the inability of the commodity-producing countries to purchase manufactured goods. When, however, we talk of low commodity prices, the fact that they are depressed to such an extent in the case of the whole range of primary articles of production suggests that it is the standard of value which has gone up in relation to the things which it measures. A moment's reflection confirms this view when it is seen that gold, in which the debts of the world have in the main to be paid, has become more and more the particular possession of the two great creditor nations of the world and is scarce in every other country. The problem, therefore, which the Macmillan committee sets is in another aspect that of getting down the value of gold.

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The value of silver, like that of any other commodity, is measured in terms of gold. Silver, however, is more than a commodity, because in China and Mexico it forms the monetary currency, and in India, although that great community is now on a gold bullion standard, silver forms the reserve for 85 percent of the currency. An increase in the price of silver would, by itself, have an appreciable effect in mitigating the high price of gold and would thus effect some augmentation on the general level of commodity prices.

BANK OF ENGLAND VIEWS

To make this plain I need only quote a passage from the evidence which was given by the Governor of the Bank of England, Mr. Montagu Norman, and Sir Charles Addis, a member of the court, before the committeee on Indian currency in the year 1926. In their joint evidence they made the following statement:

"I think that one also has to bear in mind the interaction between gold and silver prices. There is a reaction upon gold prices when an extreme fall or rise takes place in the value of silver, which is none the less serious because it is indirect and not very apparent on the surface. The consequential changes in prices generally and in trade conditions which would be produced; the disturbance to the world's economic peace and confidence; the interference with the long-established social habits of the people of India in the use of silver; the shock to the reliance of a great country like China upon silver as a medium of currency and a common store of value, could not fail to have important effects upon the gold prices of countries in Europe and, indeed, in America."

All the troubles which these two distinguished bankers predicted have occurred. The result of the change in India to a gold bullion standard, coupled with the resolution to sell on the market a vast portion of the store of rupees which the Indian Government possesses, has artificially depressed the price of silver to a greater degree than that of other commodities; has injuriously affected the purchasing power of nearly a thousand millions of the world's population in India and China; and has reacted upon the gold prices of staple articles of production. These ill effects have been intensified by the sale of large quantities of demonetized silver by Indo-China, which, in the spring of last year, adopted a gold bullion standard. If by some action on the part of Governments the price of silver could be restored to some moderate level, it would seem reasonable to suppose that, in addition to the incentive which would be given to purchases by India and China, a beneficial result would be attained in connection with the general level of gold prices.

Mr. McNARY. Mr. President, the Senator from West Virginia [Mr. HATFIELD] will now occupy 1 hour of the time allotted to those on this side of the aisle.

Mr. HATFIELD. Mr. President, by my votes here I have expressed my interest in the American silver producer and the American silver miner, but I am not so much concerned about the Asiatic.

From the very beginning a great deal of mystery has enshrouded this administration's succession of maneuvers with American money.

Only a few days ago the able Senator from Nevada [Mr. PITTMAN], one of our distinguished envoys to the ill-fated World Trade Conference last June at London, solemnly informed us that 2,500,000,000 ounces of silver are hoarded in the walls of huts and underground in China, and that probably 5,000,000,000 to 6,000,000,000 ounces of silver are contained in the bracelets, necklaces, earrings, bangles, and other jewelry of the women of India.

For that reason, said Mr. PITTMAN—page 9210 of the CONGRESSIONAL RECORD, May 22, 1934—there is very little likelihood that this silver would ever come into the world market to disturb the dreams of those who would ride us out of the depression in a magic silver chariot.

Upon this sweeping assumption, Mr. President, the able Senator from Nevada, if I read his remarks correctly, had the confidence to base a silver rehabilitation plan which would intimately affect not only our whole monetary system but our whole economic system and, in turn, every household in America.

I, of course, do not pretend to have any profound knowledge of the Chinese character, except to note in passing that those who have had business dealings with Chinese importers and exporters usually credit them with a considerable degree of financial acumen, in addition to exceptional courtesy and a high standard of integrity.

Similarly, with regard to the women of India, I must admit that my acquaintance with their habits of mind is indeed meager. I can only state in this connection that I do not wholly share the Senator from Nevada's seemingly simple faith that when the price of silver begins to rise, through the manipulation of governments, that all of this 7,500,000,000 to 8,500,000,000 ounces of silver is going to remain in hoarding in China or in India.

Mr. President, I make this statement with full knowledge of the fact that under the Pittman silver agreement the Government of India is pledged not to dispose of, by sale, more than 140,000,000 ounces of silver during the period of 4 years, commencing January 1, 1934, and that the Government of China shall not sell silver resulting from demonetized coins for a period of 4 calendar years, commencing January 1, 1934.

Certainly no such phenomena can be said to have accompanied the skyrocketing of the price of domestic gold in our country. Of course, before we began to offer the extraordinary price of $34 an ounce for gold, instead of the former price of $20.67, nearly all of the gold in our country had been drawn out of the hands of its citizens and impounded by the Government.

Nevertheless, if current reports are a criterion, the so-called "old gold"—that is, gold in watches, trinkets, jewelry, and so forth—is being daily melted and thrust on the market at swollen prices.

So does it not seem somewhat utopian for the able Senator from Nevada [Mr. PITTMAN] to imagine that the citizens of China, with all the wisdom of the ages behind them, and possibly harder pressed by adversity than we are, or that the women of India, having all their wealth in silver trinkets, will act any differently when they see opulence beyond their wildest dreams thrust upon them from far-off America? Regardless of Government edicts, will not the market be glutted with this vast hoard of silver?

Is it not incredible to stake our Nation's destiny on the whim or caprice of the women of India? In a similar situation I can well imagine American housewives selling even their silver plate!

Mr. President, I had hoped that never again would this Nation be torn with dissension over silver as it was in the closing decades of the last century and the early part of the present one. Then, as now, a sorely stricken people were led to believe that the introduction of more silver into our currency would cure all of our troubles.

It is stated that the Government must utilize silver in order to enlarge its metallic reserves so as to be able to print a larger amount of paper money. The relatively low amount of money now in circulation—between $5,000,000,000 and $6,000,000,000—is pointed to as justifying such statements, although, as everyone knows, the bulk of our business transactions are concluded by means of bank checks.

However, when it is considered that our stock of gold has been artificially revalued so that what was formerly worth, roundly, $4,000,000,000 is now held to be worth $7,500,000,000, it can clearly be seen that there is no necessity whatever for remonetizing silver on this plea.

This $7,500,000,000 of gold, on the new basis of valuation, is sufficient for the issuance of at least $18,000,000,000 of gold-backed currency on the basis of 40-percent gold reserve, the present lawful requirement; but should the reserve requirement be reduced to 25 percent, as the able Senator from Nevada once suggested, it would be sufficient to issue Federal Reserve notes of considerably more than $25,000,000,000. This is far more than the amount of notes that the Senator from Nevada proposes to issue on the silver that he would have our Government buy.

If the issuance of more metal-backed currency is the touchstone of prosperity, why did not those in charge of the management of our currency issue it many months ago?

Mr. President, I am not here undertaking to defend or condone in any way this revaluation of gold, which is an unwarranted, outrageous, and dishonorable piece of business, the kind of legerdemain that hitherto has been reserved to governments tottering on the brink of disaster.

I merely wish to cite the fact that whenever the Government chooses it may lawfully issue at least $25,000,000,000 of gold-backed Federal Reserve notes, or approximately five times the amount of such notes at present in circulation.

To enter upon a discussion as to why this amount of gold-backed money is not now in circulation, flowing into every city, town, and hamlet in the land, would require more time than is now at my disposal. It is enough to state that, in my opinion, were it not for the Government's grotesque attempt to manage the hitherto private affairs of its 125,000,000 citizens—a management that is now bereft of resources after a year of conspicuous but ineffective experimentation—such a flow of gold-backed money, redeemable at the will of the possessor, might even now be quickening the economic life of our tormented people, bringing light and hope to the faces that have been darkened by 4 years of suffering and adversity.

Mr. President, to allege that more silver is needed in order to issue more metal-backed paper money is the rankest kind of sophistry.

Since the creation of additional paper money obviously cannot be the reason for this sudden reversion to silver, we, perhaps, must look elsewhere, perhaps across the seas, for the true solution of the mystery.

With the indulgence of the Senate I shall proceed to disclose what might lead to an astonishing international intrigue that seemingly from the beginning has fascinated the present administration, or possibly springs from a desperation that is all the more intense because so many elegant theories have been shattered on the hard rocks of the grim actualities of a war-tortured world.

How insidiously, Mr. President, has the word "nationalization" crept into our national lexicon! That, as is well known, was for a long time a sort of euphemism used to conceal the expropriation by governments of the people's property. We spoke of Russia's nationalization of the land, meaning, of course, that its Soviet Government had seized the land and converted it to its own use; and the same condition, Mr. President, is to be found in America today, where the Government of the United States is reclaiming lands.

When the gold in this country was first impounded, the word "nationalization" was not used. Now, however, with the lapse of time, we find high officials referring to the nationalization of gold, and now to the nationalization of silver, as if this were some naturally patriotic process instead of a species of brigandage on a grand scale.

While in quest of the inner motives for the unprecedented step of the seizure and impoundment of all gold, the repudiation of the letter of our gold bonds, the subsequent devaluation of gold, and the present reliance on what to all practical purposes is an inconvertible fiat money, it will be necessary to review briefly the events of the year that followed the somewhat hysterical hundred days.

Far-reaching laws having been hastily enacted at this memorable session of the Congress for domestic revival, our Government turned with a great deal of pomp and panoply of state to the world trade conference about to assemble at London.

In vain did I point out in this Chamber last year that the two programs, the domestic and the foreign, were wholly antagonistic. Mine was as a voice crying in the wilderness when I stated that if the Government chose to regiment the farms, factories, and the mines of this Nation it must shield its economic creation with an invulnerable protective tariff; that we could not reduce tariffs in conformance with the wishes of our European and other debtors and at the same time ask the farmers, miners, and industrialists of the Nation to submit to Government dictation. It was decreed that the expedition to London should proceed.

Something of the mystery connected with the various maneuvers of the administration in relation to the Nation's gold stocks was soon cleared away by the report, seemingly authentic, that it would be proposed by the Secretary of State, Cordell Hull, at London that the United States share its gold with destitute foreign nations.

It was stated that the coverage of the United States Federal Reserve currency will be reduced from 40 to 25 percent in order to release about $2,000,000,000 of American gold in pursuance of the scheme. Furthermore, it was indicated that the United States Federal Reserve System would be officially linked with the Bank for International Settlements at Basel or to a new institution affiliated with this so-called "world bank." Thus the United States would become a member of a financial league of nations.

No more daring abrogation of the sovereignty of the United States had been suggested since the late President Wilson came home from Versailles with article X of the Covenant of the League of Nations. This scheme would yield up American gold as backing for an international currency, and, while intended as a stabilization move, in effect would make the United States responsible for the integrity and stability of all the motly European currencies, ranging from the Polish zloty to the Yugoslavian dinar. Apparently the principal reason for the maneuver was that many nations, excepting France and England, which have the largest gold stocks in their history, have no gold, while the United States has plenty.

Why the United States should have been precipitately taken off the gold standard, when it then had gold stocks sufficient for the emission of $7,000,000,000 Federal Reserve currency, nearly twice as much as is now extant, has never been explained. It was not necessary for the Government to take such a radical step, and it was apparently contrary to the speeches and pledges of President Roosevelt.

Three days before the election Mr. Roosevelt said:

> The business men of the country, battling hard to maintain their financial solvency and integrity, were told in blunt language at Des Moines, Iowa, how close an escape this country had some months ago from going off the gold standard. But, that, my friends, as has been clearly shown since, was a libel on the credit of the United States.

In praising Senator GLASS' stand for sound money, the then candidate for the Presidency also said:

> It is worthy of note that no answer has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound this position was. And, I might add, Senator GLASS made a devastating challenge that no responsible government would have sold to the countries securities payable in gold if it knew that the promise—yes, the covenant—embodied in those securities was as dubious as the President of the United States claims it was.

Here the man who was later elected President boldly acclaimed the gold clause of the United States bonds as a sacred covenant between the people who bought the bonds and their Government. He denounced as libelous the statement that the United States was in danger of going off the gold standard. But the subsequent events proved otherwise.

Early in March, by means of a manipulation of the press, it was made to appear that the President actually had ordered all people to yield up their gold. Glaring, awe-inspiring headlines stampeded many citizens into giving up small gold nest eggs, in many cases representing the savings of a lifetime.

The actual order against gold hoarding was not issued until April 5, 1933, requiring all persons, with certain exceptions, to yield up their gold. The constitutionality of this procedure was at once attacked, the dissenters including such notable persons as former Senator James A. Reed, of Missouri, who said the Constitution had been made into "a scrap of paper." When the dead line arrived on May 1, 1933, it was found that nearly $500,000,000 of gold was still in hiding, and since then it was revealed by the Treasury that more than 1,000 persons had defied their Government, although the President's proclamation had branded them as statutory criminals.

Then came the President's sensational gold exporting embargo order of April 20, 1933, officially taking the country off the gold standard and placing an embargo on all exports, with certain exceptions. One of these exceptions was that the Secretary of the Treasury, in his discretion, could allow the export of gold held in trust for the Bank of International Settlements. This bank was set up originally for the handling of German reparations; but, under the plan since rumored, it would become a superworld bank, with the central banks of all nations directly or indirectly tributary to it.

The mystery of the President's gold hoarding and embargo maneuvers only deepened. It was explained that the maneuver had been necessitated by depreciated foreign currencies. But that statement did not seem consistent because the Democratic leadership was publicly committed to lower tariffs. The effect of the gold-embargo order, depreciating the American dollar on foreign exchange, was to elevate the tariff. Foreign nations, which formerly enjoyed a tariff advantage of 35 to 50 cents off the American dollar, no longer had that advantage, because our dollar was sinking to their level and soon sold at 81 cents, the lowest since 1879, in comparison with the French gold franc. When we went off the gold standard the French 15-percent surtax automatically went into effect overnight against our imports based on our depreciated money.

Mr. President, early in 1932 I had proposed a similar automatic surtax against depreciated foreign currencies, because these currencies were enabling foreign nations to filter through and under our tariff wall with goods paid for in debased foreign moneys. My amendment was defeated. So it could scarcely be said a year later, with any degree of consistency, that the gold-embargo order was necessitated by depreciated foreign currencies. Had the administration desired to lower our tariffs, as pledged in their platform, one of the best ways to have accomplished it without legislation would have been to continue on the gold standard, for with the manipulation of degraded foreign money Europeans, as well as Asiatics, were finding a ready access to our markets, so much so that manufacturers and industrial workers were complaining that they could not operate their plants against such competition.

What, then, was the real reason for the hasty gold-embargo order of April 20? No one knows, except that it was then strongly indicated that those in control of the proposed superbank at Basle, as the prospective citadel of a financial league of nations, had something to do with it. Since all gold has been seized and impounded the United States Treasury has been turning over to the Federal Reserve System all the gold that it legally could, swelling the System's reserves far beyond the normal requirements.

The mystery grew deeper when the President, on May 26, 1933, caused the Congress to enact a joint resolution making all forms of American currency legal tender, whether gold-backed money or greenbacks, and repudiating the gold clause of the United States bonds.

The gold-repudiation resolution had several effects. It affected about $100,000,000,000 of domestic debts that hitherto were required to be paid in gold. It reduced the $11,000,000,000 of foreign war debts owed to the United States, as well as the $15,000,000,000 long- and short-term debts owed by foreign nations to American private financiers, so that, instead of $26,000,000,000, we have reduced the foreign debt to some $15,000,000,000. All these foreign obligations were to be paid in gold, but our Government, by dishonoring its own bonds, opened the way for them to pay in depreciated American currencies.

The basic problem of putting 12,000,000 to 15,000,000 persons back to work remained unchanged, because the administration had avoided a decision on the great major issues, which, until they are decided rightly, cannot restore confidence to informed leaders of American opinion. These issues are the tariff and the war debts. Thus, cancelationists of foreign debts won a partial victory, because our Government accepted defaults or token payments as a prelude to further cancelation of these debts through the medium of silver.

The United States Government had about $11,000,000,000 invested abroad as a result of the war. Private American investors had about $15,000,000,000 invested in foreign lands, making a total of $26,000,000,000. The carrying charge on these debts amounts to about $1,000,000,000 a year. If that $1,000,000,000 was to be paid us in foreign goods, it meant that the United States must sustain an enormous annual adverse balance of trade.

This was the issue that rocked the London Conference. It is the issue which the administration, as yet, has not mustered up the courage to face, because the administration so far has floundered between a policy of outright protectionism of American industry, which would seem to be demanded by the Gargantuan industrial, agrarian, and transportation machines which the Government is undertaking to manage, and lowered tariffs which would permit our European debtors to pay off at the expense of the American workingman and taxpayer.

There were for a time signs that the administration, confronted by the demand of industrialists, who said they could not run their plants without protection, had veered to protectionism, which has been the historic American bulwark of peace and plenty. The President had the power of embargo. He might have, by virtue of his dictatorship, embargoed each and every foreign product that sought to enter the American market. But for more than a year, and not until Great Britain had set the example, did he choose to exercise that power.

The London Conference of 1933 was adjourned with a fine show of high-sounding platitudes about bilateral, quadrilateral, and multilateral tariff pacts, and universal most-favored-nation treaties, whilst America seemed safe and solid in self-containment and self-contentment behind a sturdy tariff wall.

As to the war debts, they, unfortunately, are still with us. There were three methods whereby our foreign debtors hoped to avoid payment. One was by outright cancelation. The second was by lowering the American tariff, which would mean nothing else than that the debt would be amortized at the expense of the American workingman. The third hope was by manipulation of currency and exchange.

Mr. President, world trade for many years has played a comparatively insignificant part in American prosperity, notwithstanding the school of economic theory, who maintains that world trade represents the difference between prosperity and disaster. The American market, the greatest free-trade area in the world, has always been nine times more important to us than our world trade, for at its peak, in 1929, it amounted to only 10 percent of our national business, and would have been much less than 10 percent but for the fact that foreign buyers were using the money they had borrowed from us.

Charts of the Nation's economy, covering long periods of years, show that when business is good under a high tariff, we actually buy more from Europe, while under a low tariff our domestic trade is reduced or destroyed. For 16 years the American domestic market has averaged a total of $64,000,000,000 a year. Here are the figures:

1909	$28,000,000,000
1914	33,000,000,000
1919	68,000,000,000
1920	74,000,000,000
1921	54,000,000,000
1922	60,000,000,000
1923	71,000,000,000
1924	71,000,000,000
1925	78,000,000,000
1926	80,000,000,000
1927	79,000,000,000
1928	82,000,000,000
1929	85,000,000,000
1930	70,000,000,000
1931	52,000,000,000
1932	45,000,000,000

Mr. President, I wish to insert in the Record a tabulation showing the money in circulation outside of the Treasury and Federal Reserve banks in the 5 years ending with 1929, and at certain dates since that year.

The PRESIDING OFFICER (Mr. Clark in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the Record, as follows:

TOTAL CURRENCY IN CIRCULATION

June 30, 1925	$4,734,000,000
June 30, 1926	4,835,000,000
June 30, 1927	4,745,000,000
June 30, 1928	4,797,000,000
June 30, 1929	4,746,000,000
June 30, 1930	4,522,000,000
June 30, 1931	4,822,000,000
Dec. 31, 1931	5,646,000,000
June 30, 1932	5,695,000,000
Dec. 31, 1932	5,674,000,000
Jan. 31, 1933	5,644,000,000
Feb. 28, 1933	6,545,000,000
Mar. 8, 1933 (peak)	7,538,000,000
Mar. 31, 1933	6,319,000,000
June 30, 1933	5,720,000,000
Nov. 30, 1933	5,742,000,000
Apr. 30, 1934	5,367,000,000

Mr. HATFIELD. Mr. President. It is interesting to note that less money was in circulation during the 5-year period preceding the depression than in the period following the depression. In fact, the peak was reached March 8, 1933.

In prosperous times trade is carried on by means of bank credit, and not actual currency; but when the banks begin to restrict credit, as always happens in depression periods, currency is taken from the vaults of the banks by depositors and used in commerce and trade when credit is denied. The table I have just had inserted in the Record bears out this statement. No matter how much money is placed in circulation, it will flow back into the vaults of the banks and bank checks and bank credit used as a circulating medium. Therefore, what the country needs is not more money in circulation, but a sound currency system which will give confidence to the people, and also an extended bank credit to enable business to develop in a normal way without fear of inflation or any of the unsound theories and experiments that have arisen and have been placed in practice by this administration.

At this point I ask to have inserted in the Record a table showing the stocks of money in the United States and the amount in circulation.

The PRESIDING OFFICER (Mr. Reynolds in the chair). Is there objection?

There being no objection, the table was ordered to be printed in the Record, as follows:

Year	Stock of money in United States	In circulation	
		Amount	Per capita
1800	$28,000,000	$26,500,000	$4.99
1860	442,102,000	435,407,000	13.85
1865	1,180,197,000	1,083,541,000	31.18
M'KINLEY PROSPERITY			
1900	2,366,220,000	2,081,231,000	27.28
ROOSEVELT PROSPERITY			
1906	3,109,380,000	2,774,000,000	32.77
TAFT PROSPERITY			
1912	3,701,965,000	3.335,220,000	34.87
WAR PROSPERITY			
1920	8,158,496,000	5,467,589,000	51.38
COOLIDGE PROSPERITY			
1924	8,846,542,000	4,815,208,000	42.64
1928	8,118,091,000	4,796,626,000	39.97
HOOVER PROSPERITY			
1929	8,538,796,000	4,746,297,000	39.08
DEPRESSION			
1930	8,306,564,000	4,521,988,000	36.71
1931	9,079,625,000	4,821,933,000	38.86
1932	9,004,505.000	5,695,171,000	45.63
1933, June	10,078,416,000	5,720,764,000	45.51

Note.—A majority of economists agree, and it can be seen from the figures given above, that the amount of money in circulation has very little to do with prosperity. If prosperity depended upon currency in circulation it would be easy to maintain prosperity. More important than the amount is the velocity of the money in circulation. From the per capita figures above it may be noted that the amount for each person did not decrease during depression years, but in fact was above some of the prosperous periods the country enjoyed.

Mr. HATFIELD. Mr. President, at its peak, in 1929, all world trade, which, of course, included our share of it, amounted to no more than $68,000,000,000. It has now shrunk to the pitifully low level of $12,000,000,000, not because of our high tariff but because American capital has ceased to finance the impoverished exchequers of Europe. They hve been impoverished not so much by the war debts as they have by reason of their excessive expenditures for armaments, which amount, in the case of four leading powers alone, to $2,000,000,000 a year.

Our share of world trade was small because of the American standard of living. If we want to reduce our standard of living to that of Europe and Asia, we can obtain a lion's share of the world trade. By lowering our tariff we could admit a lot of sweat-shop and pauper-wage foreign commodities into our market. To meet such competition American manufacturers would have to slash wages. We do not want to do that, nor would the American people stand for any such course. It was only when they were tortured by the misery of the depression, which partly grew out of the strangulation of European trade by punitive European tariffs, and the impoverishment of war, that our people would consent to or even listen to any appeal for lower tariffs.

While we have reduced the obligations due us by foreigners some $10,000,000,000, we have added this $10,000,000,000 to the backs of American taxpayers. But I fear that the course will now be otherwise, for according to the proposal of Senator PITTMAN at London in 1933, we are to reduce the gold backing of our Federal Reserve currency from 40 to 25 percent and replace the remaining 25 percent of gold with 20 percent of silver. That process, it is estimated, would give American silver producers a subsidy of $250,000,000, or enough to absorb their total output for the next 5 years.

Mr. President, I here ask leave to have printed as a part of my remarks the text of the Senator from Nevada's amazing proposal.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

PITTMAN'S SILVER PROPOSAL

LONDON, June 19.—The text of the resolution dealing with gold and silver presented to a committee of the World Economic Conference today by Senator KEY PITTMAN, of Nevada, follows:

"Whereas confusion exists in the field of international exchange; and

"Whereas it is essential to world recovery that an international monetary standard should be reestablished: Now, therefore, be it

"*Resolved*, That all the nations participating in this conference agree:

"1. That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable.

"2. That gold should be reestablished as the international measure of exchange values.

"3. That the use of gold should be confined to its employment as cover for circulation and as a medium for settling international balances of payment. This means that gold either in coin or bullion will be withdrawn from circulation.

"4. That in order to improve the workings of a future gold standard, a uniform legal minimum gold cover for the currencies of various countries which shall adopt the gold standard shall be established, and that this legal minimum reserve shall be lower than the average of present reserve requirements.

"5. That central banks of various nations be requested to meet at once in order to consider adoption of such a uniform minimum reserve ratio, and that a metal cover of 25 percent be recommended for their consideration.

"And further,

"Whereas silver constitutes an important medium both in international and domestic exchange for a large proportion of the world's population; and

"Whereas the value of this purchasing medium has been impaired by governmental action in the past; and

"Whereas it is necessary that the confidence of the east should be restored in its purchasing medium, which can only be done if the price of silver is restored to an equilibrium with commodity price levels: Now, therefore, be it

"*Resolved*, That—

"1. An agreemnt be sought between the chief silver-producing countries and those countries which are large holders or users of silver to limit arbitrary sales upon the world market.

"2. That all nations agree to prevent further debasement of their subsidiary silver coinages.

"3. That all nations agree to remonetize their subsidiary coinages up to a fineness of at least 800, when, and if consistent with their respective national budget problems.

"4. That it be recommended to central banks that they agree that 80 percent of their metal cover shall be in gold and 20 percent shall be optionally in gold or in silver, provided that silver is obtainable at or below a price to be agreed upon as corresponding to the general commodity price level and that governments agree to modify their respective laws to this effect."

Mr. HATFIELD. The most amazing part of this program as reported is that it is intended to earmark for the Bank of International Settlements at least $425,000,000 of impounded American gold in order that the world bank may issue an international currency. That would be an astonishingly simple way to solve the problem of the war debts and thus refurbish the straitened credit of Europe at the expense of America. We then would be paid with international paper money, backed by $425,000,000 of gold wrested from the American people, who are denied at present the right to possess a single gold coin. The rest of the support for this paper money would be European paper promises, such as we already have and which have been dishonored and repudiated by nearly everyone of the borrowers.

This is feared by many observers to be the true explanation of all the incredible monetary maneuvers of the administration and its necessity for obtaining absolute power over the Nation's gold and the Nation's industrial activities.

Mr. President, there seemingly is abundant proof in the press and in official and semiofficial utterances for the statement that from the beginning the administration has dallied with schemes to link our Federal Reserve Banking System to the Bank for International Settlements at Basel, Switzerland. Should I be in error in this surmise, I should gladly welcome an explanation for the varied monetary maneuvers which, from time to time, have agitated this Nation and, indeed, the whole world for the past year or more.

Mr. President, at this point I desire to insert as part of my remarks some excerpts from official documents, as well as reports from the press in relation to our monetary program.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

[From the text of the President's gold-hoarding order of Apr. 5, 1933]

SEC. 2. All persons are hereby required to deliver, on or before May 1, 1933, to a Federal Reserve bank or a branch or agency thereof, or to any member bank of the Federal Reserve System, all gold coin, gold bullion, and gold certificates now owned by them or coming into their ownership on or before April 28, 1933, except the following:

(C) GOLD COIN AND BULLION EARMARKED OR HELD IN TRUST FOR A RECOGNIZED FOREIGN GOVERNMENT OR FOREIGN CENTRAL BANK OR THE BANK FOR INTERNATIONAL SETTLEMENTS

[From the text of the President's Executive order covering the exporting of gold, Apr. 20, 1933]

SECTION 1. Until further order, the earmarking for foreign account and the export of gold coin, gold bullion, or gold certificates from the United States, or any place subject to the jurisdiction thereof are hereby prohibited, except that the Secretary of the Treasury in his discretion and subject to such regulations as he may prescribe, may issue licenses authorizing the export of gold coin and bullion (a) earmarked or held in trust for a recognized foreign government or foreign central bank or the Bank for International Settlements.

[From the New York Herald Tribune of Sunday, June 4, 1933]

On March 1, or 2 days before the Nation-wide banking holiday became effective, the monetary gold stock of the United States was $4,344,000,000. But of this amount only $2,892,000,000 was in the possession of the Federal Reserve, the remainder being with the Treasury and with the public. First, the administration took steps to get the public's gold back in the Federal Reserve where it could be used to support the Nation's currency and credit structure, instead of being used by the public as a store of value, and now the Treasury's gold is being herded into the System.

How much has been accomplished in the drive to fortify the Federal Reserve's gold holdings is shown in the fact that on March 1, the Treasury and the public had 33.42 percent of the Nation's gold, while on May 31 they had only 18.74 percent of it. When the gold stocks of this country reached their highest level in history on September 16, 1931, at $5,015,000,000, the Federal Reserve's gold represented only 69.12 percent of the total * * *.

Of the $4,311,000,000 of gold coin and bullion which comprised the monetary gold stock of the United States on April 30, the Treasury held $3,228,770,124; the Federal Reserve, $747,173,509; and the public, $334,823,033. The System, however, was really making use of, and including in its own reserves, most of the gold which was described as held in Treasury. Thus the Treasury held on deposit $1,665,000,000 of the System's gold as reserves against its note issue and deposits.

The Treasury had $1,265,000,000 of gold in trust against a like amount of gold certificates. But, as the Federal Reserve had $942,000,000 of these gold certificates and the public had $323,000,000, the amount of gold immobilized in this connection was only the latter figure. As the gold certificates come back from circulation and find their way to the Federal Reserve, they are included in the System's gold reserves. The amount of gold certificates retired from circulation and added to the System's gold since September 1931 was $714,000,000 at the end of April.

The two other principal amounts of gold held by the Treasury are the $156,039,088, as the prescribed reserve behind the $346,681,016 of greenbacks, and the $1,207,500 Treasury notes of 1890 and the $142,343,151 in its general fund. At the end of April, therefore, the Treasury really had only about $300,000,000 of gold which might be added to the Federal Reserve's holdings. Until there is a change in the law, however, the gold behind the greenbacks could hardly be handed over to the System, and there is a definite limit beyond which the gold in the general fund cannot fall until the law is changed.

Included in the general fund is chiefly the Federal Reserve's gold redemption fund, which must amount to 5 percent of that portion of the System's notes not covered by gold. Often in practice, however, the amount exceeds 5 percent. In May the gold redemption fund declined $18,000,000, but even after that reduction the fund was about $10,000,000 larger than it needed to be. By cutting the fund down and keeping gold rather than currency in the trust funds against national-bank notes, Postal Savings, and Federal Reserve bank notes, the Treasury can contribute importantly to the upbuilding of the System's gold holdings. * * *

The evidence lately afforded that the Treasury is turning in as much of its gold to the Federal Reserve as the law will permit it to do is welcomed in local banking circles as a sign that at last a start is being made toward ending the old cumbersome arrangement of having part of the country's gold with one agency and part with another. * * *

In practically all civilized countries, with the exception of the United States, the bank of issue has the nation's gold and has complete charge of the currency. In this country the Treasury, the Federal Reserve, and the national banks all emit currency.

[From the New York Times of May 5, 1933]

BASEL, SWITZERLAND, May 4.—The abandonment of the gold standard by the United States imperils the position of the two American members of the World Bank Board, Gates W. McGarrah, the president, and his alternate, Leon Fraser. And it raises even more the question of whether the Board's informal decision to elect Mr. Fraser to succeed Mr. McGarrah can be consummated on Monday, the day of the annual bank meeting and triennial election of officers and members of the Board.

The difficult situation originates from the fact that the statutes restrict the Bank's members to countries on the gold standard except the founders—for whom such a restriction was thought superfluous—and the fact that the Hoover administration refused to allow the Federal Reserve to belong to the World Bank.

Washington's attitude resulted in the special provision in the statutes giving the Board the option to elect two American members. The idea, which gained Washington's tacit approval, was to assure at least de facto contact, and Messrs. McGarrah and Fraser, since the election in 1930, have been considered by insiders as the Federal Reserve's representatives.

[From the New York Times of May 9, 1933]

BASEL, May 8.—Unshaken faith in the gold standard and in political and economic, as well as financial, internationalism as one way out of the depression permeated Gates W. McGarrah's third annual report as president of the Bank for International Settlements at the general assembly here this afternoon.

The assembly, comprising the governors of all important central banks in Europe, thereupon, on the proposal of Vilem Pospisil, Governor of the Bank of Czechoslovakia, unanimously approved the Board's July resolution, which affirmed that "the gold standard remains the best available monetary mechanism." The annual report made it clear, however, that the bank was aiming to restore not the old system but a reformed gold standard.

Many took as a commentary on the American attitude toward the gold clause in American loans the passage in Mr. McGarrah's report, saying: "More and more, monetary experiences have demonstrated that the true use of gold in the modern world is to serve as a medium of international payment when exchanges or international balances are adverse", and inviting the central banks to combat the "conception that the gold is properly employable as a store of wealth or that its primary object is to assure internal convertibility of notes so that all who will may hoard gold coin."

[From the joint communique issued by the President and Signor Guido Jung, Italian Minister of Finance, May 6, 1933]

We are in agreement that a fixed measure of exchange values must be reestablished in the world, and we believe that this measure must be gold.

[From the New York Herald Tribune of Sunday, June 4, 1933]

BASEL.—Monetary and economic restrictions increased in 1932. The false dawn of the August pick-up in Wall Street gave place to darkness deeper than ever, which culminated in the complete paralysis of the American banking system and the abandonment of gold by the dollar.

Against this gloomy background of world-wide disaster the Bank for International Settlements' third annual report was written. One of its salient features was that it urged "general restoration of a reformed gold standard without further delay." This appeared less than a month after the United States had left gold.

A "reformed" standard, as the bank sees it, will be one under which will be assured:

1. General redistribution of gold.
2. Lowering of the coverage ratio and abandonment of the use of gold in coinage or to insure internal convertibility of notes.
3. Fuller powers for central banks and greater freedom from internal political pressure.
4. Abandonment of nationalistic fiscal policies.
5. Increased cooperation between central banks based on more complete information on international monetary trends.

[From the New York Times of Sunday, June 4, 1933]

By Edwin L. James

* * * The monetary problem ties up directly to the gold problem. A few countries have 80 percent of the world's gold. The United States and France have over half of it. We have 40 percent backing of our currency, the British have 27 percent, and so on. It is reported that Washington is now considering the possibilities of a greater spread of the world's gold. It has not been stated how Washington thinks this could be worked out. There are obvious difficulties in the way of a creditor nation distributing its gold, since it does not mean to give it away.

The problem naturally recalls the idea of the centralization of the world's gold in one place; for example, the International Bank of Basle, with the issuance of certificates of deposit which could be used as backing for currencies. It is reasoned that in the same way that an ordinary bank can use its deposits several times over in financial or domestic business, so the International Bank could effect a greater use of the world's gold supply in financing currencies of the individual nations and in promoting world trade. There is also the old suggestion of some form of international money to be used in world trade, such money retaining its relation to gold regardless of fluctuations in national moneys.

It is interesting to note that the three great trading countries, Great Britain, the United States, and France, are all committed to gold. Neville Chamberlain said in Commons, Friday, that gold must be the stabilizing standard, and our own money is still legally on a gold basis, since the gold law of 1900 has not been repealed. If these countries can now or later fix a gold relation for their moneys the rest of the world will follow suit.

[From the New York Times of June 2, 1933]

RESPREAD OF GOLD TO BE URGED BY UNITED STATES AT LONDON PARLEY—CENTRAL BANK COOPERATION FOR REDISTRIBUTION IS LIKELY TO BE ASKED—25-PERCENT NOTE COVER ON PLAN—ONE-FIFTH OF METAL VALUE COULD BE IN SILVER—BACKING WOULD BE DROP FOR US—DELEGATES WORK ON SHIP—SECRETARY HULL CALLS MEETING TO ORGANIZE TEAMWORK FOR SPEED IN CONFERENCE NEGOTIATIONS

WASHINGTON, June 1.—Gradual redistribution of the world's gold through the cooperation of central banks and a world-wide 25-percent coverage for currency in circulation probably will be proposed at the London Economic Conference by the United States delegates, it was revealed here today.

Disclosure of the plan was made in conversations of Pedro Torres, the Chilean delegate to the conference, and Benjamin Torres, the Chilean chargé d'affaires, at the State Department.

It is understood that both President Roosevelt and the State Department have discussed the proposals in some detail with the Chilean representatives. The concentration of 80 percent of the world's gold in five countries is regarded as one of the principal obstacles to the immediate return of a universal free-gold standard.

Of the 25-percent note coverage to be suggested, it is understood, central banks would be authorized to hold one-fifth in silver and the balance in gold.

The 25-percent coverage would be a decrease for the United States, which still maintains a legal 40 percent coverage, but would mean an increase for nearly all other countries. The ultimate disposition of the surplus stock in the Federal Reserve banks, the difference between the present ratio of about 68 percent against notes and deposits and the projected 25-percent ratio, is as yet undefined in the American plan.

At the present time the Federal Reserve System has about $3,300,000,000 worth of notes and bank notes actually in circulation. The told stock on hand, held exclusively against these notes, amounts to about $2,880,000,000. If the 25-percent ratio were adopted by the United States a gold stock of about $826,000,000 would be sufficient for legal coverage, thus presumably releasing $2,000,000,000 to other uses.

Should the silver plan also be adopted, one-fifth of the $826,000,000, about $165,000,000, could be replaced by silver and that amount of gold likewise released.

This theoretical surplus of gold would be predicated on the assumption that no further increase in the note circulation would be authorized. Under the present 40-percent coverage the gold stocks of $2,800,000,000 would permit a note issue of $7,000,000,000. At a 25-percent coverage ratio this amount of gold would protect notes up to more than $11,000,000,000.

The uncertainties contained in the American gold plan, it is thought here, can only be ironed out by international agreement in London. If such agreement is not forthcoming, it is predicted that one of the immediate tasks of the administration will be a final formulation of its monetary policy along strictly nationalistic lines advocated by Assistant Secretary Moley.

[From the New York Herald Tribune of June 4, 1933]

HULL ADVOCATES RESUMPTION OF FOREIGN LOANS—FORMING OF SPECIAL AGENCY TO FLOAT CREDITS SAFELY STUDIED BY DELEGATION

ABOARD S.S. "PRESIDENT ROOSEVELT," (at sea), June 3.—At a press conference today preceding another meeting of the American delegates to the World Economic Conference, Secretary of State Cordell Hull made a plea for resumption of foreign lending by the United States. He admitted that there was some "natural prejudice" in America against foreign loans, but insisted that losses on domestic bonds had exceeded by far the losses on foreign issues.

Secretary Hull hopes to encourage the resumption of international movements of capital through reduction of trade barriers and creation of world confidence by successful action at the economic conference. Formation of a special credit institution to promote the supplying of credit where urgently needed is one plan under study.

It has been suggested that such an institution could be linked with the Bank for International Settlements at Basle, but the world bank's connection with German reparations is a drawback. What governmental support Washington would give to an international credit institution is also questionable, and foreign suggestions of a governmental guaranty of such an institution's borrowings have not been acceptable.

The international credit bank which has been suggested would be designed to restart the world's economic machine by providing initial financing, contingent upon progress at the economic conference in the direction of reducing impediments to trade.

"Of the $17,000,000,000 of American foreign loans", Secretary Hull said today, "the losses in the depths of the panic were $9,000,000,000. At least $50,000,000,000 of domestic paper in the form of securities were issued with only water behind them and based on no physical values. Sound loans anywhere would be beneficial on the part of a country with large surpluses."

Mr. HATFIELD. Mr. President, I ask that as part of my remarks, the text of the silver treaty, which the Senator from Nevada [Mr. PITTMAN] brought back from London, be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The silver treaty is as follows:

TEXT OF SILVER AGREEMENT

LONDON, July 22.—The text of the agreement on monetary silver, signed tonight by eight nations attending the World Economic Conference, is as follows:

Memorandum of agreement entered into by the delegates of India, China, and Spain as holders of large stocks or users of silver and of Australia, Canada, the United States, Mexico, and Peru as the principal producers of silver at the Monetary and Economic Conference held in London, July 1933.

Whereas at the meeting of subcommission 2 (permanent measures) of the Monetary and Financial Commission of the Monetary and Economic Conference held Thursday, July 20, 1933, the following resolution was unanimously adopted:

"*Be it resolved to recommend to all governments parties to this conference*—

"A. That agreement be sought between the chief silver-producing countries and those countries which are the largest holders or users of silver with a view to mitigating the fluctuations in the price of silver, and that other nations not parties to this agreement should refrain from measures which could appreciably affect the silver market;

"B. That governments parties to this conference shall refrain from new legislative measures which would involve further debasement of their silver coinage below a fineness of 800/1000;

"C. That they shall substitute silver coins for low-value paper currency insofar as the budgetary and local conditions of each country will permit;

"D. That all provisions of this resolution are subject to the following exceptions and limitations;

"Requirements that such provisions shall lapse April 1, 1934, if the agreement recommended in paragraph A does not come into force by that date; and in no case shall they extend beyond January 1, 1938;

"The governments may take any action relative to their silver coinage they deem necessary to prevent the flight or destruction of their silver coinage by reason of the rise in the bullion price of silver content in their coin above the normal or parity value of such silver coin; and

"Whereas the Governments of India and Spain may desire to sell a certain portion of their silver holdings, and it would be to their advantage that of the countries which are large producers of silver should absorb silver as herein provided to offset such sales; and

"Whereas it is to the advantage of the large producing countries named in article II (Australia, Canada, the United States, Mexico, and Peru) that the monetary sales of silver from monetary stocks should be limited as herein provided; and

"Whereas it is to the advantage of China that the sales from monetary stocks of silver be offset by the purchases as herein provided with a view to its effective stabilization;

"Now, therefore, it is agreed between the parties hereto:

"A. That the Government of India shall not dispose by sale of more than 140,000,000 fine ounces of silver during the period of 4 years commencing January 1, 1934. Disposals during each calendar year of the said 4-year period shall be based on an average of 35,000,000 fine ounces per year, it being understood, however, that if any year the Government of India shall not dispose of 35,000,000 fine ounces the difference between the amount actually disposed of and 35,000,000 fine ounces may be added as additional disposals in subsequent years.

"Provided further that the maximum amount disposed of in any year shall be limited to 50,000,000 fine ounces.

"B. Notwithstanding anything previously stated in this article, it is understood that if the Government of India should after the date of this agreement sell silver to any government for the purpose of transfer to the United States Government in payment of war debts, such silver shall be excluded from the scope of this agreement.

"C. Provided, however, that when the total of disposals referred to in paragraph A, above, plus the sales referred to in paragraph B above by the Government of India under this agreement shall amount to 175,000,000 fine ounces, the obligation of the parties hereto shall cease.

"II

"That the Governments of Australia, Canada, the United States, Mexico, and Peru during the existence of this agreement shall not sell any silver and shall also in the aggregate purchase or otherwise arrange for the withdrawing from the market 35,000,000 fine ounces of silver from the mine production of such countries in each calendar year for the period of 4 years commencing with the calendar year 1934. Said governments undertake to settle by agreement the share in said 35,000,000 fine ounces which each of them shall purchase or cause to be withdrawn.

"III

"That the silver purchased and withdrawn in accordance with article II above shall be used for currency purposes (either for coinage or for currency reserves) or be otherwise retained from sale during the said period of 4 years.

"IV

"That the Government of China shall not sell silver resulting from demonetized coins for a period of 4 calendar years commencing January 1, 1934.

"V

"That the Government of Spain shall not dispose by sale of more than 20,000,000 fine ounces of silver during the period of 4 years commencing January 1, 1934.

"Disposals during each calendar year of the said 4-year period shall be based on the average of 5,000,000 fine ounces per year; it being understood, however, that if, in any year, the Government of Spain shall not dispose of 5,000,000 fine ounces, the difference between the amount actually disposed of and 5,000,000 fine ounces may be added as additional disposals in subsequent years; provided further, that the maximum amount to be disposed of in any year shall be limited to 7,000,000 fine ounces.

"VI

"That the governments concerned will exchange all such information as may be necessary with regard to measures to fulfill the provisions of this memorandum of agreement.

"VII

"That it is understood that, subject to the provisions of article VIII, the undertakings of each party to the present memorandum are conditional upon the fulfillment of the undertakings of every other party thereto.

"VIII

"That this memorandum of agreement is subject to ratification by the governments concerned. Instruments of ratification shall be deposited not later than April 1, 1934, with the Government of the United States. It shall come into force as soon as the ratifications of all the governments concerned are received before April 1, 1934.

"Notice by any government that affirmative action necessary to carry out the purposes of this agreement has been taken will be accepted as an instrument of ratification. Nevertheless, if one or more of the governments enumerated in article II fail to ratify by April 1, 1934, the agreement shall come into force at that date if other governments mentioned in article II which have ratified notify the other governments which ratify that they are prepared to purchase or cause to be withdrawn an aggregate amount of silver mentioned in article II.

"The Government of the United States is requested to take such steps as may be necessary for the purpose of the conclusion of this agreement."

In witness whereof, the undersigned have signed the present memorandum of agreement. Done at London this 22d day of July 1933 in a single copy, which shall be deposited in the archives of the Government of the United States.

S. M. BRUCH, *Australia.*
EDGAR N. RHODES, *Canada.*
W. W. YEN, *China.*
KEY PITTMAN, *United States.*
GEORGE SCHUSTER, *India.*
EDUARDO SAUREZ, *Mexico.*
F. TUDELA, *Peru.*
L. NICOLAU D'OLIVIER, *Spain.*

Mr. HATFIELD. Mr. President, more significant, perhaps, than any of the foregoing items may be the following dispatch from London by the Associated Press dated July 27, 1933:

COX SEES BIG ROLE FOR WORLD BANK—CALLS INSTITUTION VALUABLE MEANS FOR DEALING WITH INTERNATIONAL DEBTS

LONDON, July 27.—The Bank for International Settlements was upheld by James M. Cox, of Ohio, in a final address at the plenary session of the World Economic Conference today as providing a valuable means of dealing with the problem of international indebtedness and future extension of international credits.

Speaking as the president of the conference's monetary commission, the former Ohio Governor said that "We can easily foresee an entirely new order created by the Bank for International Settlements", which is in Basel, Switzerland.

"Of course, it can have no arbitrary powers in these matters", Mr. Cox said. "Its services are simply available if desired. If credits are to flow only to sound bases, the ultimate interests of the debtor will be advanced and unsound loans will be an exception. * * *"

No detailed outline of the part the Bank for International Settlements may play was given by Mr. Cox, but he said it would be an instrument of great value, and "It is my opinion that the Bank for International Settlements will, through its close contacts, give just the service necessary to keep the matter moving to a constantly improving status."

Mr. President, there is no need for me to dwell on the predilection of Mr. Cox for international alliances and entanglements. It is a matter of history that Mr. Cox, as the Democratic candidate for the Presidency, went before the Nation in 1920 and championed the cause of the League of Nations. Hence it is in no way surprising that Mr. Cox reappears as the apostle of closer financial relations with the so-called "World Bank" at Basel, which, if not an adjunct of the League of Nations, is at present dominated by the same international group that dominates the League of Nations.

The question here is, Has the World Bank—as Mr. Cox suggested—"kept the matter moving to a constantly improving status", so that with but little information given to the rank and file of the American people we are now on the verge of entering upon a financial league of nations susceptible of a havoc almost as great as that which actual entry into the League would entail to the United States?

I do not profess to forecast the financial horoscope of an administration whose monetary policy seems to shift with each veering wind in the world commercial picture. But it is clear that the Senator from Nevada is still dangling before our eyes the picture of a redistribution or, better said, the "central control" of the world's gold, and presumably of the world's silver, for a few days ago—May 22, 1934, page 9215, CONGRESSIONAL RECORD—in this Chamber Senator PITTMAN informed us:

Mr. PITTMAN. There is the problem of gold redistribution which, of course, is in the mind of everyone. Exactly when that will be worked out so that it will be safe to part with the gold, and it will be known that there will be no danger of loss, the redistribution of gold must take place, and in connection with that redistribution there must then be more or less a redistribution of silver. It is totally impossible for us now, at least for me, to visualize ahead what may happen to both gold and silver in the next few years; but the purpose or intent of the President is clearly in mind, and I think no one whatever doubts it.

As to the purpose of the President that we may assume, I suppose, was indicated in his statement to the Congress of that same day—May 22:

However, because of the great world supply of silver and its use in varying forms by the world's population, concerted action by all nations, or at least a large group of nations, is necessary if a permanent measure of value, including both gold and silver, is eventually to be made a world standard.

To arrive at this point we must seek every possibility for world agreement, although it may turn out that this Nation will ultimately have to take such independent action on this phase of the matter as its interests require.

The success of the London Conference in consummating an international agreement on silver which has now been ratified by all the governments concerned makes such further agreement worth seeking * * *. Accordingly, I have begun to confer with some of our neighbors in regard to the use of both silver and gold, preferably on a coordinate basis, as a standard of monetary value.

Such an agreement would constitute an important step forward toward a monetary unit of value more equitable and stable in its purchasing and debt-paying power.

Mr. President, it will be recalled that the World Trade Conference in London in 1933 was wrecked on the so-called "question of de facto" currency stabilization. Nowhere have I seen the underlying issues stated more clearly than they were by President Albert Lebrun, of France, on July 2 of that year. I quote him:

France is maintaining that the determining element in a return to normal life lies in a reestablishment of confidence and security in all domains, political, economic, monetary, and social.

This self-evident truth must be admitted: That stability of money, which is a common element in human transactions, is imperiously necessary. But how can contracts be made and engagements signed on a monetary basis that varies with events and speculations? To speak of tariff adjustments while moneys are variable is pure Utopia. Those nations with stabilizing currencies cannot accept such projects.

The rise in prices that is sought would necessarily follow the organization of production. It is not certain that it can be brought about by those artificial measures that some recommend despite the disaster of recent experience, such as monetary devalorization, inflation of credits, and exaggerated international loans.

Mr. President, that was the picture as drawn by the distinguished Frenchman a year ago, on the eve of the dramatic break-up of the London Conference. Since then we have devalued our gold dollar, but the great predicted stimulation of exports and increase in prices of farm products has not followed. Now, seemingly, we are preparing to return to a modified, reformed, or some sort of gold standard.

In order, however, to complete our review of the monetary events of the last year, it is necessary to advert to the RECORD, briefly. On May 16, 1933, the President sent to the assembling 54 nations at London the following message:

The World Economic Conference will meet soon and must come to conclusions quickly. The world cannot await deliberations long drawn out. The conference must establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise the price levels. It must, in short, supplement individual domestic programs for economic recovery by wise and considered international action.

However, on July 3, 1933, after the conference had collapsed, the President sent this message:

So, too, old fetishes of so-called "international bankers" are being replaced by efforts to plan national currencies with the objective of giving to those currencies a continuing purchasing power which does not greatly vary in terms of the commodities and needs of modern civilization.

Let us be frank in saying that the United States seeks the kind of dollar which a generation hence will have the same purchasing power and debt-paying power as the dollar value we hope to attain in the near future. That objective means more to the good of other nations than a fixed ratio for a month or two in terms of the pound or franc.

Our broad purpose is permanent stabilization of every nation's currency—

And so forth.

Mr. President, I shall not venture to place my own interpretation upon the foregoing seemingly conflicting utterances of the Chief Executive with regard to the somewhat disconcerting events at London. We read, however, amidst contemporaneous comment, the following editorial from the New York Times of July 4, 1933:

A CONFUSING STATEMENT

President Roosevelt's latest message to and about the World Economic Conference leaves behind it a trail of guesses. No one at London, not even in the American delegation, appears to know exactly what the President meant and intends.

He speaks of the catastrophe amounting to a world tragedy which would be involved in having the world conference turn from its real purposes in order to take up proposals about the monetary exchange of a few nations only.

But who put the questions of foreign exchange and currency stabilization in the forefront of the program for the conference? President Roosevelt himself. It was the very first item on the list when he appealed to the governments on May 16 (1933) to bring about conclusion at London quickly.

He then definitely declared "the conference must establish order in place of the present chaos by a stabilization of currencies."

It must naturally puzzle somewhat the untutored minds of Europeans to find Mr. Roosevelt now speaking of his own proposal, less than 2 months ago, as among the fetishes of the so-called 'international bankers.'"

Mr. President, I venture the remark that the confusion over the American monetary policy, to which the editor of the Times so pointedly alludes, is still existent in the minds of many people.

Notwithstanding the unhappy denouement of the London Conference, we are now being asked to proceed upon another foreign adventure in currency stabilization.

In order to prepare the way for that stabilization, the President and the Senator from Nevada [Mr. PITTMAN] ask us to consent to the admission of more silver into our monetary reserves, with no indication whatever, so far as I know, as to whether or not we are to embark on a policy of bimetallism.

Of course, under the Thomas amendment, the President at any time may proclaim and promulgate, by a mere executive edict, a fixed ratio between gold and silver.

I believe, Mr. President, I have conservatively depicted a background for all these monetary maneuvers, both in the domestic and the foreign field—one that should make us pause for reflection.

If, as would seem indicated, we are to be invited to join a financial league of nations, pledging American gold and American silver to support a hodge-podge of foreign currencies of all nations on the face of the globe; if we are to be asked to link ourselves with the World Bank for International Settlements, at Basle, then I think that in all fairness and justice, the Senate of the United States ought to be informed of what is going on and what is intended before we pass this legislation.

Formerly it was the duty of the Congress to coin money and fix the value thereof. Indeed, it is my modest opinion that we shall never attain our former state of prosperity until we do return to the gold standard, and by that I mean the issuance of gold-backed notes that are redeemable at the holder's wish.

If our gold reserve is to be earmarked or impounded for the account of the world bank at Basle, I think that we ought to be frankly and promptly informed of that fact.

We hear it remarked on every side that the hand of the average American is denied the right to touch a single gold eagle; that gold must be reserved as bullion for use of international bank and bankers, for the settlement of international trade balances; and, indeed, that silver must be added to this enormous stock of metal so that whatever international paper currency may be based on this international pool will circulate in the United States, in China, India, and South America, as well as in the treasuries of Europe.

What a fantasy. Mr. President, did we learn no lesson whatever from the League of Nations? When that magnificent international dream proved illusory, what can we expect from such a plan as this?

Mr. President, in my opinion, should the United States Government ever consent to any formal connection with the world bank, by pledging our financial reserves, either by earmarking or actual impoundment, it would open up a siphon for American money flowing to Europe, such as we could never stop.

At the very least, it would seem that the Senate is entitled to some explanation of what is going on behind the scenes in the way of further international compacts before we again delegate our constitutional obligation and responsibility to the executive branch of our Government.

Now, that Congress has delegated tariff responsibility to the President, and is about to delegate additional monetary power also to him, we have a dictatorship conclusive and complete over American commerce and trade and the destiny of the American people.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Brown	Copeland	Frazier
Ashurst	Bulkley	Costigan	George
Austin	Bulow	Couzens	Gibson
Bachman	Byrd	Cutting	Glass
Bailey	Byrnes	Davis	Goldsborough
Bankhead	Capper	Dickinson	Gore
Barbour	Caraway	Dill	Hale
Barkley	Carey	Duffy	Harrison
Black	Clark	Erickson	Hastings
Bone	Connally	Fess	Hatch
Borah	Coolidge	Fletcher	Hatfield
Hayden	McGill	Patterson	Stephens
Hebert	McKellar	Pittman	Thomas, Okla.
Johnson	McNary	Reynolds	Thomas, Utah
Kean	Metcalf	Robinson, Ark.	Thompson
King	Murphy	Robinson, Ind.	Townsend
La Follette	Neely	Russell	Tydings
Lewis	Norbeck	Schall	Wagner
Logan	Norris	Sheppard	Walcott
Lonergan	Nye	Shipstead	Walsh
Long	O'Mahoney	Smith	Wheeler
McCarran	Overton	Steiwer	White

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3025) to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes.

MONETARY USE AND PURCHASE OF SILVER

The Senate resumed consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

Mr. McNARY. Mr. President, under the arrangement, the Senator from Idaho [Mr. BORAH] was to speak for an indefinite time, to be arranged later.

Mr. BORAH. Mr. President, the debate on this bill has taken a wider range by far than the bill itself might justify. I hope later to have something to say as to my view of the effect of the measure itself, but I desire at the present time to offer some observations touching the general subject of silver, particularly as it affects trade.

It may be, Mr. President, that the Senator from Ohio and others who share his opinion are correct as to their view as to silver, that the solution of our monetary problem does not lie in that direction. That is not my view; but, nevertheless, I am willing to concede, for the purpose of the argument, for the time being, that that view is sound. I ask those, however, who say that the solution does not lie in that direction to consider the question, Where does the solution lie? I do not think that anyone can satisfy himself that the solution lies in the restoration of the gold standard as it existed prior to the World War. There must be some other solution than that. We have had until lately the single gold standard for nearly a century and the results are all about us.

It is estimated at the present time that the indebtedness of the United States is $210,000,000,000. It is estimated that the world's indebtedness is something over $400,000,000,000. This increase in debt has been accumulating for the last 75 years particularly, and to some extent during the last 100 years.

It is now estimated that our taxes have during the last quarter of a century increased by something like 300 percent, and we are fast moving to the point, so it is estimated, where the national income will be exceeded by the national outlay.

It is also stated, upon good authority, that at the present time 4 percent of the people of the United States own 80 percent of its wealth. That same ratio obtains in all leading countries. This is not the result of the last 25 years; this is the result, as shown by facts and figures, of the drift of the last 75 or 100 years.

At the present time it is also stated, upon authority that seems reliable, that 80 percent of the people of the world are living below the poverty line. That is not a result of the World War alone; that is a condition which has been accumulating and growing for the last 100 years.

Forty million people of the United States would now be close to hunger and want if it were not for the hand of charity. At the present time there is unrest in almost every quarter of the globe, manifested by strikes, protests in different ways, and it cannot be said that there is now anything like rest or contentment or even hope among the great body and masses of the people.

Nevertheless, Mr. President, and notwithstanding these facts and figures, the earth has continued to be bountiful, and we have more of the things that people need in the way of food and clothing than at any other time in the history of the world. At the present time food production and the production of clothes and other necessaries of life have lagged behind very little compared to the most prosperous days; but in the midst of that condition of plenty there are hunger and nakedness and despair, insanity, and suicide, as a result of the conditions which confront us. If I thought that situation was the result of the World War, I would take an entirely different view of the outlook, but I know from history, from facts, and from figures that it is a condition which has been growing for the past hundred years. Gradually wealth is passing into the hands of a very few people; the great body and masses of the people are living upon a lower line. This is due to a fundamental trend. I know of no factor so dominant in creating such a trend as the monetary systems of the world.

Owen D. Young, speaking a few nights ago before the students of the University of Nebraska, delivered what seemed to me to be a very remarkable address, one which we can all read with benefit. He said in this address that our laws, our banking system, and, by inference, our monetary system had not kept pace with the other developments of the world.

There is a strong belief among the leaders in all lines of thought that in some way there must be found a different system from that which now prevails. In my opinion, the present conditions of the world are due to two great contributing causes, the single gold standard and war. I think the single gold standard has worked from the beginning for the concentration of wealth, for the impoverishment of the masses, for the enrichment of the few. These things were accentuated by war, particularly the World War; but whether war is in progress or whether war is at an end, that trend and that tendency go on apace. For more than a hundred years there has prevailed a system of restriction as to money.

In 1816 Great Britain established a single gold standard. There has been a difference of view as to why Great Britain established the single gold standard. It does not seem to me there need be very much dispute about it. Her able statesmen declared the purpose at the time. They were interested in buying raw materials, and they desired cheap raw materials. They were preparing to become the creditor nation of the world, and they were interested in the augmentation of the values of securities. Therefore, they adopted a policy, with reference to the monetary system of Great Britain, which would have the direct effect of accomplishing those two ends. It was the first great step in this policy of restriction of making primary money scarce.

In 1871 Germany followed in the establishment of the single gold standard. She had for years been using the gold and silver standard; but after the war with France, in which a tribute of some billion dollars was laid upon France, it seemed to be to the interest of Germany to increase the value of her tribute, and she adopted the single gold standard, demonetizing silver, another effort to make money scarce in order to augment the value of a certain kind of wealth.

After the Civil War, men who had purchased the bonds during the war for 50 to 60 cents on the dollar came to the conclusion that they desired to have them paid in specie, and it was so provided. Thaddeus Stevens denounced it as a crime against the people of the United States. But not satisfied with that, in 1873 the purchasers of those bonds became interested in having them paid in gold alone, and silver was demonetized in the United States. Since that time the world has practically been upon a single gold standard.

Mr. President, beginning with 1816 the conditions which we now have begun to disclose in a limited way, growing with the years until today, as I said a moment ago, about 4 percent of the people of the world own 80 percent of its wealth, and 80 percent of the people of the world are living below the poverty line.

It may be that silver is not the solution of the problem, but is anyone prepared to face the future in view of what has happened in the past hundred years with the single gold standard? With $210,000,000,000 of national and private indebtedness, 70 percent of which is payable in gold, with $400,000,000,000 of indebtedness of the world, 60 percent at least of which is payable in gold, with $11,500,000,000 or $12,000,000,000 of gold upon which to base the monetary system, does anyone believe we can administer the governments of the world with a monetary system based upon gold?

It has been said that the bill now before us will not solve the problem.

Mr. President, let us move away today from those who it is claimed may be interested for selfish reasons and take the view, the arguments, and the reasons of those who are wholly disconnected with the production of silver. Let us view it from the standpoint of world trade and of the conditions which confront the Occident in its present contest with the Orient in the production of the things in which the world now needs. I want as a text to read a single sentence from a statement made by the President on January 15, 1934. Speaking of silver he said:

> It is such a crucial factor in so much of the world's international trade that it cannot be neglected.

Silver is a crucial factor in the world's international trade. So long as it is used by people in the Orient who now use it even at its degraded value, it becomes an important and determining factor in the contest between the Orient and the Occident with reference to trade. I have no doubt that the President in considering the silver question was considering it as a factor, as he said, in the matter of international trade.

I read a paragraph from the Journal of the Chamber of Commerce of London upon the same subject:

> In the April issue of this journal last year the view expressed by the London Times was reaffirmed, "that there is no way out of the crisis under the present monetary system, and that the sooner this is recognized the less avoidable misery there will be." It is anticipated that it will probably be necessary to say it again in the April issue of next year, but thereafter it will not be necessary, because the process of disintegration will by that time have gone so far that even the most obstinately blind will be forced to see it, and the man who advocated a return to the gold standard would probably be treated as a museum piece. He would be regarded as on a par with the man who inveighed against the internal-combustion engine and expatiated upon the greater advantages of the dear old donkey cart.
>
> What would the average manufacturer do if he were told that, however large his daily output might be, those who had the sole monopoly of the means of transport were unable to supply him with more than a dozen donkey carts per day in which to transport his products? Further, that they would rather see him and all his employees die of starvation than allow him to use such thoroughly unsound and dangerous new contraptions as railway wagons? And yet this is exactly the ludicrous cause of the world's miseries at the present time.
>
> It is evident that all that human beings need are food, clothes, houses, motor cars, ships, etc., and that real wealth consists in the ability to produce and enjoy these things; that these things are or could be available in vast abundance, but that, instead of men being able to enjoy them in increasing measure, the contrary is, in fact, the case.
>
> The reason for this is that a decreasing number of people are being given the tokens (money) with which to claim this abundance, although money, qua money, is worth nothing and has for the last 20 years been created by the banks in this country by the simple process of writing figures in books and lending the result at interest. * * *
>
> Only by a sane monetary system, nationally and internationally, will it be possible to solve this and the other problems which are now exercising the minds of all thinking men, and to eliminate such scandals as the destruction of food whilst people starve—scandals which have shocked the conscience of mankind.

Truly so, Mr. President. As a solution of the awful conditions which now confronts us it is proposed to continue to reduce production, to destroy food, instead of providing a means, a method, a medium of exchange by which to transfer it from those who have it to those who are hungering for it.

This is a statement from the Chamber of Commerce of London.

Sir Henry Deterding said some days ago:

> We are passing through a period during which the public, treating the most important features with the utmost superficiality, is unfortunately far too ready to take the easiest explanation as a true reflection of the position.

Everywhere one hears people talking about overproduction, while after taking only a little bit of trouble and examining facts it is more than clear that what is considered to be overproduction is not only underconsumption but a "manufactured" underconsumption; and, further, it is a fact that those who for selfish purposes created this are the loudest in supporting and spreading the cry of overproduction, and (consequently) in calling for a restriction of production.

Sir Henry Deterding enters upon a discussion of the silver question, of the necessity for restoring silver in order to restore and help build up world trade.

Let me call attention to the fact that we are now about to engage in a search for world trade, to build up world trade. Where are we going to find the world trade? We are not going to get very much from Great Britain, certainly not for our farmers, because the brilliant gentleman who is at the head of that department in England said a few days ago that he was going to ask even Australia and Canada to cease sending their farm products to England, as he was engaged in building up the agricultural interests of England. We are not going to get it from France. We are not going to get it from Germany. The demand for the things which we have lies in that region of the world where over half the human race reside, where they have no medium of exchange, no means of measuring their debts and credits. If we are ever to find world trade of moment, we must find it after purchasing power has been restored to more than one-half the human race. We shall find it, not in England or Germany or in France but, as Sir Henry Deterding says, in these regions of the world where more than half the human family live, and where the greed of the moneyed interests of the world has destroyed the only medium of exchange which they have.

Something was said by the able Senator from Ohio [Mr. FESS] in regard to India. I desire to read from the Daily Gazette, published in India, a statement from Sir Montague Webb. It seems that he had sent a telegram to the President of the United States stating that the people of India were in favor of restoring silver as legal-tender money. He was asked:

Why are you approaching President Roosevelt direct at this particular moment?

Said he:

Because the general level of prices is once more dropping, both in the United Kingdom and India—

And, except where artificially sustained, in the United States. The price level is again on the downward trend practically all throughout the civilized world—in India, in Great Britain, in the United States—except where it is sustained by artificial means—

and Government appears to be taking no action whatever to save the situation except calling local conferences, talking about "planning", and importing a marketing expert, all of which involve a sheer waste of money, without the slightest chance of raising prices and encouraging a return of prosperity. Only reopened mints through which the public can obtain purchasing tools without having to borrow and pay interest on them can save the situation now.

* * * * * * *

England has defaulted in its annual debt payment to the United States of America, and Mr. Chamberlain has the hardihood to tell world audiences * * * that he has produced an admirable return-to-prosperity budget! But what England and France and Germany have done other countries, including India, and many private businesses and individuals will be forced to do, unless Government wakes up and saves the situation by remonetizing silver. If all-round repudiation of debt is the road to prosperity, then we are on that road now, and God help the bankers! Surely raising world prices by remonetizing silver would be a far better road. Then let us take it.

But we are told, Mr. President, when these conditions are presented and these facts and figures are at hand, that we do not need more money; all we need is confidence. I notice that the bankers in Indiana met the other day; they recognized the condition in the United States—the overindebtedness, the unemployment, the stagnation of business—but they said, "What we want is not more money but confidence."

It is a grim piece of humor when the bankers meet and say that what we want is confidence. We might just as well say to a man who is out on a raft in the ocean, which a storm is breaking up hour by hour, "What you need is not a means of transportation back to the land but confidence", as to say, "What you need is not a medium of exchange but confidence."

Confidence can never be restored so long as commodity prices are continually falling. If there is anything that destroys faith, confidence, and hope, it is the constant sliding down of the prices of commodities throughout a country or throughout the world. How can we stop the fall of prices except by enlarging the amount of primary money in the volume of circulation?

The Senator from Ohio [Mr. FESS] spoke the other day about 1896 and about what brought back prosperity. I have been looking at some figures, and I find that immediately following the depression of 1896 we imported from Alaska something like $300,000,000 of gold. We were at that time selling to Russia, and immediately thereafter we imported from Russia on the basis of our exports something like $300,000,000 of gold. In other words, we increased the primary money of the country to the extent of some $600,000,000 in a very short time. It was as a result of that increase that prices began to go up, commodity prices began to rise; and as soon as they do begin to go up, as soon as they do begin to rise, that gives confidence. That causes men to make long-time contracts. That gives hope; that gives faith; and it is the only thing that will give it.

It is all right to appropriate large sums of money to keep people from starving. There can be no criticism of it; but every man knows that so long as we have to take care of our people by appropriations out of the Public Treasury it is dangerous to engage in long-time business contracts. The only thing which would justify the hope or the faith which leads to long-time contracts, to building, to improvements, and so forth, is when people see the price of commodities rise.

I ask Senators who are present to tell me a single instance in which a great world depression resulted from the fall of commodity prices where that depression was cured or that price fall was arrested in any other way than by increasing the volume of the circulating medium.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER (Mr. OVERTON in the chair). Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. Perhaps the bankers have the idea, which is no doubt very well founded; that the banks are full of money; that there is plenty of money in the country; that there is plenty of credit in the country; and their thought is that, by increasing the supply of money, we do not necessarily decrease the commodity prices, because they say there is plenty of money here now. That is their argument—that the banks are full of money.

Mr. BORAH. Of course, if all the wealth of the world were coined into dollars and cents, and were buried in some cellar, it would not do the people of the world any good, and it might be just as well buried in a cellar as to be buried in the vaults of banks if the banks are afraid to put it out.

Mr. President, one of the most startling things in the world of trade today is the extent to which the Orient is invading the Occident with its goods, its products, its manufactured stuff. In London, in the United States, in Italy, and throughout the world they are now invading the occidental markets in such a way that it is almost impossible to meet the competition, even by embargo tariffs. The difference between the cost of production in the Occident and in the Orient, owing to cheap labor and to cheap silver in the latter, is something like 300 percent.

Suppose we raise tariffs 50 percent; what protection is afforded against the manufacture which comes in at a cost of production one-third of the cost of production in the Occident?

I noticed yesterday in the New York Times, in the financial section of the paper, this statement:

For the first time in history the western world is keenly feeling the industrial competition from the Far East. This competition, according to those who have made a close study of the situation, reflects lower production costs in the Far East due to a lower wage scale, comparable mechanization which has been imported from the occidental nations, and the low price for silver and the Japanese yen, which because of the proximity of Japan to China and other silver countries, is closely wedded to silver.

In an effort to throttle this competition virtually all of the important industrial nations of Europe and the United States have raised their tariff barriers against goods produced in the Orient. Only recently England took steps in that direction which had been preceded by the United States and Germany. While the raising of tariff barriers has been reasonably effective in keeping Japanese and Chinese manufactured articles out of the countries which have taken this step, the result has been that these goods have found a market in other countries formerly supplied with these articles by the occidental nations.

Because of this condition the raising of tariff barriers does not solve the question.

Mr. President, at the present time we are having great difficulty with cotton manufactures of the United States. A few days ago the cotton manufacturers averted a strike. They are living on the ragged edge of bankruptcy. That is true in India, it is true in Lancashire, England, while the cotton manufacturers of Shanghai, of China, and of Japan are paying in some instances 25-percent dividends upon their stock.

What are we to do about it? Are we to continue to leave them in possession of a cheap money, which, together with the cheap labor, makes tariff legislation perfectly futile? I ask those who are interested in cotton manufacturers in the United States how they are going to meet that competition.

I might take any one of a dozen other articles, so far as that is concerned, as to which the same competition exists and the same success in taking away the markets of these occidental countries prevails. Unless we are prepared to cease our activities along certain lines and give over the markets to these people, we must necessarily meet the difficulty by dealing with the monetary question. It was for that reason that the President of the United States said upon the 15th day of January that the silver problem is a controlling problem in international trade.

It was said a few nights ago by the distinguished Secretary of the Treasury under Mr. Hoover's administration that we should return to the gold standard. Return to the gold standard and further appreciate the purchasing power of gold? Return to the gold standard and leave the oriental countries in absolute control of a great number of manufactures which employ millions of people in the United States, Great Britain, and Italy?

To enlarge or deepen our unemployment problem, no more successful way could be found than to return to the gold standard, appreciate the purchasing power of gold, leave silver at its low ebb, and, with cheap labor and cheap silver, the oriental countries will take possession of the markets of the Occident.

Mr. President, I was told recently by a gentleman who had been traveling in England of instance after instance in London where he witnessed the fact that Japanese goods were pushing the goods of Great Britain out of the windows of the stores. Are we prepared to meet that, or are we content to let it go forward?

Mr. President, let us disregard for a few moments the silver producers of the West, and the fact that some miner in the West might reap some benefit from this proposition, and let us view the larger question; that is, how the Occident is going to compete with the Orient in further world trade. Where are we to get the world trade for which we are searching?

Mr. President, I referred briefly to Mr. Montague Webb's study of India, which he denominates "India's Plight." I wish to read a paragraph or two from that statement. Mr. Webb has given years and years of his life to a study of the India question in connection with silver. He reviews at length the condition among the India people, the universal distress and misery which prevail, which have deepened and accentuated during the last few years. He gives facts and figures which I suspect are not subject to controversy. He states:

Be the first and secondary causes of the present catastrophe what they may, the widespread loss of confidence and shrinkage of trade are directly caused by falling prices. And falling prices are the direct consequence of the policy of monetary restriction initiated in London in 1918–19, and extended from London, through the agency of the bankers, to all parts of the British Empire, and of the world.

Then he quotes from Mr. Arthur Kitson, who criticized the action of the British bankers at the time in restricting money. He said:

To forcibly control the currency, as suggested by the committee (the Cunliffe committee) will check production, destroy confidence, render reconstruction undertakings difficult if not impossible, and probably lead the way to very serious social and political disorder.

To restrict currency is to point the way to madness.

That took place in 1919, when the London bankers began their system of restriction of money in an effort to accomplish one of their purposes, force India on the gold standard, demonetize silver, and destroy the rupee.

I can understand those who believe that the gold standard is better for the United States or Great Britain or Germany. I can appreciate the fact that if we had from eleven and a half to twelve million dollars of gold and could properly distribute it, it might be sufficient to take care of those countries. But to take from the 300,000,000 people in India, 400,000,000 people in China, and some 250,000,000 people in other parts of the world similarly situated, who have no gold, can secure no gold, who have no paper, and cannot use paper, and who have no banking system, their primary money, silver, constitutes a crime which there is no language to describe.

Again Sir Montague Webb said:

In view of the fact that India, China, and the rest of Asia, together with the peoples of the tropics, and many peoples of semitropical lands on both sides of the equator all around the globe—in short, one-half of the population of the world—are already using money made of silver and are quite contented with that money, what are we to think of the mental equipment and outlook of the "high" financial authorities of the West, who, with four-fifths of the available gold in the world out of action, now deliberately legislate against the silver money at present in use in India, with the special object of linking India and the rest of the world with a paper monetary system in Great Britain which high finance will control—if it can!

Again he said:

Is India going to accept lying down this attempt at financial dominance from the West in every detail of its daily life? Listen to what President Roosevelt said on this subject in his first Presidential address:

"We cannot allow our economic life to be controlled by that small group of men whose chief outlook upon the social welfare is tinctured by the fact that they may make huge profits from the lending of money and the marketing of securities—an outlook which deserves the adjectives 'selfish' and 'opportunist.'"

That is a quotation from the President.

We must necessarily depend upon a restoration of world trade in order to secure world recovery.

About 270,000,000 people in England, in the United States—or rather the Government—and in France, own or control 80 percent of all the gold in the world. Here are 270,000,000 people in control of 80 percent of the gold of the world. Outside of that are about 1,600,000,000 people upon whom we must rely if we are going to restore world prosperity or world trade.

Mr. President, France and the United States cannot possibly be prosperous, cannot have trade and prosper if we are going to leave 1,600,000,000 people of the world living under the poverty line.

The silver question as a question of international exchange, of international trade, becomes a problem of the first order. Facts and circumstances force it upon us. We must consider it; we cannot pass it by. It turns up in our invaded markets and demands consideration.

Here is an item which I overlooked in connection with the transferring of the trade of the Occident to the Orient. This is under the London date line of March 27.

BRITISH EQUIPMENT FOR CANTON—MACHINERY FOR TWO TEXTILE MILLS BEING SHIPPED

LONDON, March 27.—It was learned today that the Platt Bros. & Co., at Oldham, are dispatching complete equipment for two textile mills to Canton on March 29. The equipment includes everything necessary for a 10,000-spindle cotton-spinning and weaving mill, and also for a 1,200-spindle woolen mill. The machines for both mills have all the latest improvements for high production and easy manipulation. Several Chinese mechanics, who have been in Lancashire studying the construction of the machines, will superintend their erection.—Reuter.

But the capital is furnished by British capitalists.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Illinois?

Mr. BORAH. I yield.

Mr. LEWIS. I seek from the Senator from Idaho information which I am sure the eminent Senator from Nevada [Mr. PITTMAN], who has heretofore spoken, and the eminent Senator from Utah [Mr. KING], who has given such great research to the study of the silver question, could give. I invite the Senator from Idaho to recall, if I be not in error, that when Sir Robert Peel presented his measure which created a value to what would be called the pound in gold, one of the things stated in the presentation by Sir Robert Peel as a reason for insisting that gold should then be adopted in England and the very high price be paid for that which we speak of as the pound, was that there was not silver accessible for the purpose, for whatever he had in mind, for that which has been discussed by those preceding me in debate.

I ask the Senator from Idaho, What says the Senator from Idaho as to whether the policy he advocates should be adopted—that which the able Senators to whom I just alluded have concurred in—is America in a position to furnish silver sufficient to meet demands in order to produce the rise in these falling prices?

Mr. BORAH. Mr. President, my opinion is that should we undertake to utilize silver as fully as may be under this bill we are going to be disappointed in the amount of silver which we are able to obtain. This idea of a flood of silver coming in from different parts of the world does not seem to me to be sustained by facts or figures. I think that ultimately, if the United States moves out in this matter and puts the Government behind the silver cause, it will bring about an agreement between the leading nations of the world for the use of silver.

I have always believed in an international agreement for the reestablishment of silver. I thought it was the safe and the sound way. But my opinion is that unless the United States takes the lead in a drastic and determined way, the other nations will not come to the support of silver, certainly not as readily as they will if the United States does take the lead.

Mr. President, this measure is not all that some of us desire. It does not give silver the place in our monetary system which some of us feel it must ultimately have. It does not give it the quality of redemption money, such as silver possessed from the beginning of world history until that quality was taken away by affirmative legislation. The measure, I feel, will not have the effect on prices that it would have if the silver were restored to its ancient place in our monetary system.

But it is all that can be secured at this time. Its passage will make the next move for the restoration of silver less difficult. I regret the delay, but it could not be avoided, and the thing for the supporters of silver to do is to accept this measure and move on to the next fight.

Mr. KING. Mr. President, I discussed at some length this morning the various aspects of the so-called "silver question" and attempted an analysis of the bill under consideration. I attempted to show that this measure is one of great importance and will improve our monetary system and pave the way for the restoration of silver to the high station which it occupied prior to its demonetization.

I desire to submit now a few general observations which I think are germane to the consideration of the bill before us.

In my opinion only the most reactionary and thoroughgoing gold monometallists can find any pretext for not supporting the bill under consideration. Since the demonetization of silver by Great Britain in 1816, there have been powerful forces among financial and banking interests and among selfish and greedy creditors, which have endeavored to limit the basic money of the world in order that they might more easily control it and thus control prices and, indeed, the economic and industrial life of the people. When silver was stricken down one-half of the springs that gave life and vitality to business and industry were destroyed. Many writers have likened the uses and purposes of metallic money to the life-giving functions of the vital fluid within the veins of human beings.

It is conceded that gold and silver performed the functions of money for thousands of years; that the ratio of production during many, many centuries was substantially 12 to 1, and that an increase in the production of these metals stimulated trade and commerce and contributed to the prosperity and welfare of the people. The statement cannot successfully be challenged, that it was selfishness and greed that led to the demonetization of silver. The monetary system of this Republic rested upon a metallic base consisting of gold and silver. The demonetization of silver in the United States was not the result of a demand by the people but was a surreptitious accomplishment, the evil consequences of which were not fully understood by the American people for a number of years.

The gold standard has proven inadequate to meet the legitimate and proper monetary demands. It has been a failure. Its wrecks are found in every land. It has ruined individuals and communities and spread woe and sorrow throughout the world. One would suppose that with this tragic record there would be a universal demand for silver's rehabilitation and for the establishment and maintenance of a monetary system under which there would be reasonable financial security and a level of prices which would assure business security and industrial and economic advancement. However, it seems as if the lessons of history have not been learned.

The Senator from Ohio [Mr. FESS], in an able address, occupying several hours in duration, attempted to defend the gold standard and a policy which excluded the restoration of silver to its proper monetary position. Evidently he speaks for the Republican Party. That view is strengthened by the statement of the distinguished Republican leader in the Senate [Mr. MCNARY], who stated but a day or two ago that the paramount issues of the campaign were "honest money", obviously meaning gold monometallism, and the tariff. That standard bearer of Republicanism, former Secretary Mills, of New York, in an address delivered on Friday evening last, announced the Republican creed in language quite reminiscent of reactionary and orthodox statements emanating from such former stalwart Republicans as Senators Boies Penrose, Matthew Quay, Grundy, of Pennsylvania, and other distinguished and valiant apostles of Republicanism whose services have been so greatly appreciated by that party.

It appears that our Republican friends are satisfied with the wreckage caused by the gold standard, and the financial policies which have prevailed since the demonetization of silver. Certainly they cannot look with any degree of satisfaction upon a world overwhelmed with debt; with billions of dollars of obligations resting upon nations, States, corporations, and individuals. They cannot view with any degree of complacency the evidences of international and individual bankruptcy. One would suppose that the catastrophic decline in commodity prices throughout the world would awaken them from their condition of lethargy, and from a laissez faire attitude, and compel a reexamination of the financial policies resting upon gold monometallism, that have wrought such havoc throughout the world. But it is apparent that, like the Bourbons of old, many have learned nothing from experience and are going forward recklessly in defense of the gold standard.

Obviously, the gold standard is not entitled to the claim of being sound money. Its gyrations, its rise and fall, have demonstrated conclusively that as a basis for credit and currency, it is uncertain and even dangerous. A standard of values, a "measuring rod", as some are pleased to call gold, becomes a cheat and fraud when it produces the results which have attended the operations of the gold standard as the sole monetary base. It has fluctuated more than silver ever fluctuated. Any graph presenting the relation of gold to commodities, to real and personal property, and to wages demonstrates what an unfair, uncertain, and, indeed, fraudulent standard is presented by gold. So inadequate has it been to meet the demands of trade and commerce and the needs of the people, that most of the nations of the world have been compelled to abandon it.

Even Great Britain and the United States have left the gold standard; and throughout the world there is a growing feeling that a return to the gold standard with the monumental debts now resting upon the world would only multiply the sorrows and evils through which the world is now passing. Billions of national and individual indebtedness are payable in gold; and it is absolutely impossible for the world to meet these colossal debts. The incomes of the people are not sufficient to pay interest installments and amortization charges. A return to prosperity under the gold standard is impossible. Any forcible attempts to compel the payment of these obligations mean bankruptcy. Improvement can only come when the national purchasing power is increased, and purchasing power will result only when the peoples of the world are enjoying profitable employment. It is indispensable that the price level be raised.

Various commissions have, during the past few years, made investigations for the purpose of ascertaining the cause of the world depression, and all, whether gold monometallists or bimetallists or paper inflationists, have declared that the price level, for commodities and human toil, must be raised if the world is to be relieved from the mountain of debt resting upon it. Senators will recall the report of the British commission called the "McMillan Commission." Probably that is one of the ablest studies of the financial and economic condition that has been made. This language is found in the report:

> We are emphatically of the opinion that even if a further fall of wholesale prices be avoided, stabilization at approximately the present level would be a serious disaster for all countries of the world alike; and the avoidance of such an event should be a prime objective of international statesmanship. Consequently, even the continuance of the present price level must prolong business losses and unemployment. Governments and central banks will be blamed. Social unrest will tend to make moderate and rational remedies more difficult the longer they are delayed. Our objective should be, insofar as it lies with the power of this country, to influence the international price level; first of all to raise prices above the present level and then to maintain them at the level thus reached, with as much stability as can be managed. We recommend that this objective be accepted as the guiding aim of the monetary policy of this country.

It will be remembered that most of these debts were incurred when commodity prices were at a higher level and that the fall of prices has resulted in doubling and, in many instances, trebling the obligations, so that debtors are required to pay double or treble in property and in labor above that required to meet the obligations at the time they were contracted: It is obvious that the gold standard has been a cruel master, and any attempt to meet its obligations would mean increased poverty and universal ruin.

It is imperative that the world price of gold measured by goods and services must be lowered, which, in other words, means that the world price level must be raised. The international price level, no matter how self-contained or nationalistic a country may be, influences prices in such country and in all countries. Domestic price levels are influenced by international price levels, and foreign exchanges in their operations affect domestic and world prices. The price of wheat or cotton is fixed by the world, and, generally speaking, the world prices determine domestic prices directly or indirectly. Money affects the daily lives of the people of the world, and obviously if the supply is inadequate to meet the demands of trade and commerce, it becomes a varying and an unjust measuring rod.

Lands, houses, commodities—all are measured by money. Value is purchasing power, and without purchasing power values disappear, bringing down upon the heads of the peoples the wreck of a structure which they have sought to erect.

The deflation which has come to the world is in part due to the failure of the gold standard to meet human needs, and those who controlled the gold have viewed too often with complacency the ruin which deflation has wrought. Deflation brought about a rise in the price of gold because of its scarcity and the catastrophic decline in the prices of all commodities.

Mr. L. F. Amry, a distinguished Member of Parliament and at one time a Cabinet officer, declared that—

> The trouble is there is a type of mind still very influential which while only too ready to recognize the power of monetary influences to create inflation, regard deflation however violent and however disastrous as a mysterious, beneficent process, which it is unwise to question and dishonest to interfere with.

The efforts of gold-standard countries to maintain a reasonably stable price level have been unsuccessful. Great Britain, since leaving the gold standard, has endeavored to control world prices by anchoring them to sterling exchange. She has sought to maintain her commercial supremacy in the world, to increase her exports, and to maintain reasonably stable price levels at home. Sir Arthur Salter, however, has said that a country can combine several ambitions successfully—

> But four she cannot achieve simultaneously: She cannot be a creditor from the past, a reluctant importer, a great exporter, and a reluctant lender of new money.

Great Britain may not accomplish these four results. I submit that a metallic base adequate for the needs of the world is essential if there shall be reasonable stability in the price level. Extreme fluctuations result in chaotic conditions in domestic as well as in international business relations. Perhaps 75 to 85 percent of the world's population is interested in maintaining stable international exchange. The gold standard has failed in this respect. It has forced lower price levels. Undoubtedly the gold policy of Great Britain has had for one of its objects lower world prices, particularly of raw materials.

Great Britain 100 years ago was a creditor nation and still is. She has likewise been a most important manufacturing nation and her policy therefore has been to make money dearer and world prices low. The obligations of debtor nations were payable in gold. It was therefore to the interest of Great Britain to make gold dearer, as her imports were largely in commodities, principally raw materials. Thus Great Britain became the greatest commercial nation in the world. But the time came when the gold standard failed; when prices fell to so low a level that financial disaster menaced her; and so, for the first time, an eminent British commission has insisted that the world cannot escape disaster unless there shall be an increase in prices throughout the world. The fall in prices and the low exchange of the oriental currencies have seriously injured Great Britain's foreign trade, particularly in the Orient. Her "sound money" policy failed, and China, forced by the gold-standard policy, has engaged i nmanufacturing activities and has developed industries until Great Britain's trade, particularly her textile trade, in the Orient is seriously jeopardized.

Great Britain's course in India cannot be defended. She forced her financial policies upon the 400,000,000 people of that country. She demonetized silver and rarified gold, though in so doing the world depression resulted.

Mr. President, the League of Nations, by one of its committees known as the "gold committee", recently made an exhaustive study of the causes of the world-wide depression, and submitted a report to the effect that it was largely due to monetary disturbances and dislocations; and that it was imperative that the level of world prices should be raised if prosperity was to be enjoyed. The inference was very clear from the report that the only way to obtain an increase in commodity prices was by the enlargement of the circulating medium throughout the world.

There are increasing evidences that the orthodox believers in the efficacy of the gold standard are departing from their faith. Even Mr. Keynes, who for years was a devout believer in the gold standard, has, if I understand his position, materially modified his views. Recently he stated:

Gold as the sole standard of the purchasing power is almost a parvenu—

By which he means that perhaps for thousands of years the two metals—gold and silver—have been basic money. He further adds—

That of late years an attempt has been made to have gold envelop itself in a garment of respectability as densely respectable as was ever made even in the realm of sex or religion.

He then adds:

Whether this garment of respectability was put on as a necessary armor to win a hard-won fight against bimetallism and is still worn as the gold advocates allege because gold is the sole prophylactic against the plague of fiat moneys; or whether it is a Fraudian cloak we may not be curious to inquire.

And Mr. Keynes further adds that—

except through very brief periods during the world's history gold has been too scarce to serve the needs of the world's principal medium of currency.

Mr. Ernest Seyd, a distinguished English bimetallist, in his book, states that—

It is a great mistake to suppose that the adoption of the gold valuation by other states besides England will be beneficial. It will only lead to the destruction of the monetary equilibrium heretofore existing and cause a fall in the value of silver, from which England's trade and the Indian silver valuation will suffer more than all other interests, grievous as the general decline of prosperity all over the world will be. The strong doctrinarianism existing in England as regards the gold valuation is so blind that, when the time of depression sets in, there will be this special feature; the economical authorities of the country will refuse to listen to the cause herein foreshadowed. Every possible attempt will be made to prove that the decline of commerce is due to all sorts of causes and inconceivable matters. The workman and his strikes will be the first convenient target; then speculation and overtrading will have their turn.

Senator John Sherman was perhaps as much responsible for the demonetization of silver in the United States as any other person; but he, for many years, if I read history aright, was a believer in bimetallism. On the 11th of April 1876 he said:

The enormous effect of this law—that is, the demonetizing of silver—in Germany, and as a consequence the partial demonetization of silver coin, I suppose, is felt by every man, woman, and child who buys or sells anything. I suppose there is no act of parliament that has had so wide-reaching effect as this act of the German Parliament. * * * The amount of coin in the world is estimated by Mr. Seyd and other technical writers at $3,200,000,000 of silver and $3,500,000,000 of gold. A struggle for the possession of the gold at once arose between all the great nations because everybody could see that if the $3,200,000,000 of silver was demonetized and $3,500,000,000 of gold coin made the sole standard it would enormously add to the value of gold; and the Bank of France, the Bank of England, and the Imperial Bank of Germany at once commenced grasping for gold in whatever form. Therefore, what we have observed recently is not so much a fall of silver as it is a rise of gold—the inevitable effect of the demonetization of silver.

It is evident that Senator Sherman recognized the quantitative theory of money, and that by the demonetization of silver, prices of commodities measured by gold did decline and that gold, measured by human toil and commodities, did materially increase in value. I quote again from Senator Sherman, who stated in a speech delivered on the 30th of August 1893:

If we adopt the single standard of gold, without aid from silver, we will greatly increase the burden of national and individual debts, disturb the relation between capital and labor, cripple the industries of the country, still further reduce the value of silver—of which we have now in our Treasury and among our people over $503,000,000, and of which we are the chief producer—and invite a struggle with the great commercial nations for the possession of the gold of the world.

His prediction has been verified. Following the demonetization of silver, the struggle for gold began, and it is manifest that that struggle led to falling prices, industrial and economic disturbances, and world-wide depression.

The British Royal Commission, appointed to inquire into the cause of the depression of trade reported:

1. That the depression dated from the year 1873, or thereabouts;
2. That it extended to every branch of industry, including manufacturing, mining, and agriculture, and that it was not confined to England, but had been experienced, to a greater or less degree, in all the industrial countries of the world;
3. That it appeared to be closely connected with the serious fall in general prices which, even then, was most observable, though it has since been more strongly marked, resulting in diminution—in some cases even the total loss—of profits and consequent irregularities of employment for the wage earners;
4. That the duration of the depression has been unusual and abnormal;
5. That no adequate cause for this state of things was observable unless it could be found in some general dislocation of values, caused by currency changes, and which would be capable of affecting an area equal to that which the depression of trade covers.

And the Commission then added—

Neither metal exists in sufficient quantities to serve as a sole standard without causing such a change in the level of prices as to amount to a commercial and financial revolution.

That prices fell following the demonetization of silver is conceded by substantially all economists. In an article in the London Economist published in 1888, the statement was made that there would be a general decline in prices of 33 percent; and Sir Robert Giffin in 1886 estimated the fall in the price of articles exported from Great Britain at 50 percent and that on imports at 33 percent.

Senators are familiar with Dr. Soetbeer, an eminent authority upon monetary questions. In his work, published as I recall, in 1888, he stated that comparing the average prices of 1886 with those of the period of 1871–75, taking 100 commodities as examples, the fall in agricultural prices had been 31 percent, animal products 23 percent, mines and metals 40 percent, textile materials 24 percent, and miscellaneous 32 percent.

I cannot refrain from placing in the RECORD a statement from the historian Hume:

We find that in every kingdom in which money commences to flow in greater abundance than formerly everything takes a new face. Labor and industry take on new life. The manufacturer becomes more diligent and skillful. Even the farmer follows his plow with greater alacrity and attention. A nation whose money decreases is at times weaker and more miserable than another nation which possesses no more money but is on the increasing hand. Falling prices and misery and destruction are inseparable companions. The disasters of the past ages were caused by decreasing money and falling prices. With the increase of money, labor and industry gather new life.

Professor Jevons, referring to the gold discoveries of California and Australia, said that—

Prices turned upward in a sudden and decided manner and that this change was simultaneous with the discovery of the new gold fields. If the philosophy of observation and common sense may be applied to statistical matters we can draw but one conclusion, that prices have risen in consequence of the gold discoveries. The gold discoveries had the double effect of arresting the fall of prices and then raising them. The total effect is not merely the rise that has occurred but that rise plus the fall that would have occurred.

Senator Sherman in 1869 said:

The contraction of the currency is a far more distressing operation than Senators suppose. To every person except the capitalists out of debt or the salaried officer or annuitant it is a period of loss, danger, lassitude of trade, fall of wages, suppression of enterprise, bankruptcy, and disaster. It means the ruin of all dealers whose debts are twice their business capital, though one-third less than their actual property. It means the fall of agricultural production without any great reduction of taxes. What prudent man would dare build a house, railroad, or a factory or a barn with this certain fact before him?

Mr. Balfour upon another occasion stated that—

The general consensus of scientific opinion has for many years thrown with an overwhelming balance of opinion into the scale of the double standard, and I say that on that question there is practically now a consensus of economic and scientific opinion which has devoted itself to the elucidation of this purpose, and any man who in the face of that opinion now quotes any of the old tags about demand and supply making it impossible to fix a ratio between the two metals or such doctrines as that the interference of the state fixing prices must necessarily fail—any man who now relies upon doctrine of that kind to show that the double standard is an impossible thing does nothing more than to write himself down as a man ignorant of latest development of scientific political economy.

Mr. President, even the most orthodox gold monometallist confesses that the normal increase in population and the normal expansion of business require the accretion to the gold stocks of the world of at least 3 percent per annum.

That means that if the world rests upon the gold standard Mother Earth must add to the monetary gold stocks of the world 3 percent annually or prices will fall, industrial and economic disturbances will result, which will culminate in universal depression.

Eminent geologists and students of the money question declare that the gold yield of the world will soon show material reductions.

Mr. Francis W. Hirst, who was for years the editor of the London Economist, in his book entitled "Money", published last year, states that—

> The universal gold standard is in danger by the probability of a rapid decline before very long in the production of the Rand.

He further states that—

> The exhaustion of the South African mines has long been predicted and experts have even assigned dates at which the decline of the output would commence.

Mining experts familiar with the South African gold mines predict that they will practically be exhausted by 1947. In view of the almost certain reduction of the production of gold many students of the money question are insisting that silver constitutes a part of the metallic monetary stocks of the world.

Mr. Hirst, to whom I have just referred, in the book mentioned, states that—

> There is no reason why silver should not be brought into play to assist gold, and enlarge the metallic basis of the world's currencies. On the assumption generally accepted that an international currency of notes convertible into gold or into gold and silver should be the aim of currency reformers, and on the further assumption which is also generally accepted that gold prices ought to be raised gradually to something like their 1925 level, I regard silver as the best instrument by which these objectives can be achieved in conjunction with the measures for the redistribution of gold and a more economic use of it by some of the central banks.

He suggests that various named countries "should part with a small percentage of their gold and substitute silver as a part of their reserves", and he estimates that if the plan which he suggests were carried out, in all probability the purchasing power of gold in commodities would decline, and the gold price of silver would have risen considerably more "seeing that silver would have been in a measure remonetized by this new demand."

He states that—

> As a result of this plan the price of silver would be doubled or trebled and that a rise in the value of silver would greatly assist export trade with the Far East and it would also help to restore the prosperity of silver-producing mines in all parts of the world.

Mr. Srinivas Van Wagel, in his recent work, entitled "World Economic Depression", states that—

> In the relentless efforts of some nations to hold others in economic bondage and others, composing the majority, to shake off the shackles, gold is being used as the weapon of the creditors.

He further states that—

> Gold is being used to shackle the world, economically and politically, and that the value of silver must be increased. Gold must be strengthened by the addition of silver.
>
> If silver is used for currency reserves and relieves gold of a part of its burden, prices will rise, and there will be increased prosperity. The other alternative is a collapse of prices, curtailment of commerce, and possibly reversion to barter.

These statements were prophecies, because since they were made there have been a collapse in prices and a curtailment of commerce, and, in many parts of the world, reversion to barter.

The author further states—

> Why should it not conduce to stability and better organization of internal credit if gold is implemented with silver for reserves against circulation? There is no other metal, in addition to gold, of which sufficient is produced and which has the qualities needed for banking purposes, than silver. Even now silver is predominantly the circulating money in almost every country, even though the silver coins in circulation have a greatly reduced silver content. New reserves in silver can be had by withdrawing the silver coins in circulation in almost every country. * * * This wealth of silver can be utilized for purposes of world rehabilitation. The production of silver is approximately 250,000,000 ounces a year. Part of it at least can be utilized as effective money metal. Thus, silver, together with gold, with even a reduced output in forthcoming years, might form an efficient reserve for circulation and a sound basis for credit.

He further adds:

> It was a criminal waste to dump silver in the east after it was depreciated in value, because it was divested of the function it should have been performing. Now there is an opportunity for the redemption of the gold standard with the aid of silver and if silver is used for currency reserve, and relieves gold of part of its burden, prices will rise and there will be increased prosperity.

The views of Mr. Hirst, Mr. Van Wagel, and many others to whom I could refer, give support to the principle underlying the measure under consideration. This measure recognizes the inadequacy of gold to meet the monetary demands of the world; it recognizes that silver for thousands of years constituted a part of the basic monetary money of the world, and that the addition of silver to the metallic monetary stocks will relieve the tension or strain upon gold, strengthen the monetary base upon which currencies and credits rest, increase the volume of money in the world and thus increase the world's commodity price level.

A measure providing for an increase in the use of silver for monetary purposes is not an experiment; it is not even heterodox; it is a sound, rational plan calculated to improve economic conditions in the world. If by some sudden miracle the gold stocks of the world were increased 50 or 100 percent, there would be an instantaneous rise in the prices of commodities; the wages of labor would be increased; factories and plants now idle would be put into commission, and millions of unemployed would find profitable employment.

It is conceded by historians and writers upon monetary questions, that the silver mines of the New World, following the discovery of America, rejuvenated Europe, gave vigor to the people, so that the feudal system was demolished and a genuine intellectual and material renaissance came to all countries of Europe.

The bill before us contemplates the use of silver for monetary purposes—it places silver side by side with gold, and is a forerunner of the day not far distant when the mints of all countries will be opened to the free and unlimited coinage of both gold and silver at a ratio agreed upon and accepted throughout the world.

Mr. SHIPSTEAD. Mr. President, the general problem confronting the world is the revival of commerce not only in this country but from one country to another. So far as the United States is concerned we have a paradox. There has been mentioned here the starvation in the midst of plenty. Our system of production has produced on the farm and in industry far beyond the dreams of the wildest imagination.

The basis of commerce is the exchange of goods. While we produce in overabundance in industrial sections of the country, and while we have produced in overabundance in agricultural sections of the country, piling up surpluses of the products of industry and piling up surpluses of the products of agriculture, the strange situation is that the people in the industrial centers cannot get the products of the farm and the population in agricultural centers cannot obtain the shoes, clothes, and other products of the industrial centers. These goods cannot be exchanged one for the other.

That condition has existed since our credit system exploded in 1929. Since that time there has been no medium of exchange to further the business of exchange and to make exchange of goods possible. That medium of exchange used to be furnished by the banks of the country, but the banks of the country have not been able to furnish that medium of exchange since 1929.

It has been said that the banks do not function and cannot function, in furnishing the medium of exchange for the exchange of goods, because of the lack of confidence. The basis of the credit system and the basis of the banking system of the United States is credit. Credit is based upon confidence. There is plenty of confidence in the credit system when credit can be liquidated. There is plenty of confidence in the credit system when debts can be paid. When there is a possibility for the borrower to return his loan, when there is a possibility for the lender to collect the money he lends, money is borrowed and lent.

But when we have an economic situation where the borrower does not know whether or not he can pay his loan and the lender does not know whether he can collect, we have no confidence, and so our credit system does not function; and because it does not function we have no medium of exchange in the sense that our usual medium of exchange has been furnished by bank credits.

It is said the banks are full of money. The banks are full of debts. The more deposits a bank has, the more its liabilities and the more it owes. Those debts have been the basis of the system of furnishing a medium of exchange in the amount of 97 percent of the country's medium of exchange.

The question is, How can we restore an exchange of commodities from industrial centers to agriculture and from agricultural centers to industry, so that those on the farms may obtain the industrial products produced by labor and industrial workers may obtain the agricultural products produced by the farmer?

The deadlock in our credit system and banking system still exists as it started in 1929. It cannot function because of the overwhelming amount of debts, public and private, municipal and corporate, in the country, with its fixed charges sucking the life of industry and of agriculture like a leech, making it impossible for our commerce to function.

It is said by very many economic writers that the trouble lies with the unjust distribution of gold. Let us look into that matter with the people who want to return to the gold standard and who say we can redistribute the gold. Gold, like any other commodity, obeys certain laws. Gold has been distributed here and in France because circumstances over which we have had no control brought the gold here. Our trade balance is in our favor, payable in gold, and so gold came over here. Investments abroad, the charges of which were paid in gold, came here, so gold came here in settlement of foreign accounts. Gold went to France because of reparation payments and because of trade balances. How shall gold be distributed if not in payment of international obligations, in payment of trade balances, in payment of services due to citizens of foreign countries?

It is said that we ought to loan gold. We did that under the Dawes plan and under the Young plan, shipping gold abroad and loaning gold not only to foreign countries but to foreign corporations. Instead of relieving us of the pressure of gold, it increased the difficulty. All over the world, debts were created in gold far out of proportion to the production of gold. We had established a medium of exchange, a medium for the payment of debts, that could not be produced in sufficient quantity to pay the debts.

Three years ago, in talking to an English banker, I called to his attention the overwhelming amount of debts hanging over the world payable in gold, and that could not be paid in gold, and suggested that the nations of the world should furnish a medium of exchange that would make it possible to exchange goods from one part of the world to another; a medium of exchange which people could get as a basis of trade and as a medium for the exchange of goods. I suggested the remonetization of silver. All that he said, after discussion, was, "I think this is merely a fetish to get rid of debts." I said, "It may be a fetish, but it will make it possible to pay debts; and is not that a good way to get rid of debts?"

For what my opinion is worth, it seems to me that unless we furnish a medium of exchange so that goods can be exchanged we cannot revive commerce. The upward trend of prices for which we hoped must in the last analysis be based upon demand for goods. If we can exchange goods, there will be greater demand for goods in the amount in which goods can be exchanged. If I have something to sell that you want and you have something to sell that I want, we exchange, and if we live close, as neighbors, we can barter; but in a country of 120,000,000 people, with the vast area that we have here and in the world, we cannot confine ourselves to a system of barter. We must have a medium of exchange.

Much as I should like to see it, I should like to see any method pursued and any policy inaugurated which would make it possible to exchange goods from one part of this country to the other, from one part of the world to the other.

It is said that in order to bring about recovery all that it is necessary to do is artificially to raise prices, and that when prices are artificially raised people will buy. People will buy to the limit of their desires first, and those desires are unlimited. They will buy goods to the extent that they have something with which to buy. They have nothing with which to buy but the commodities they produce or the wages they earn. If we restore a medium of exchange so that they can sell their goods, it will make possible increased demand and higher prices and the purchasing power of the great mass of the people will be restored.

Without casting any reflection on the good motives of anyone, let me point out now where I think we have failed to restore purchasing power to the great mass of the people.

Under the N.R.A. we abolished the antitrust laws. When the N.R.A. bill came back from conference I voted to send it back in order to reinstate the Borah amendment to prohibit fixing prices and gouging the public through fixing prices through monopolistic practices. I am not familiar with all the codes; but take, for instance, the steel code, which revived the old, vicious practice of the Pittsburgh-plus system, under which the United States Steel Corporation discriminated against various communities of this land and fixed prices under the aegis of monopolistic practices. Under the old Pittsburgh-plus system, which was abolished after an investigation by the Federal Trade Commission, the steel mill at Duluth would sell steel in Chicago for $13 a ton less than it would sell it for in Duluth. Under the revised code, revised on the 31st day of May, Duluth was made a base-price point; but even under the revised code the Duluth mill will be compelled to sell steel in Chicago for $9.60 a ton less than in Duluth. The prices of amounts of less than half a ton have been raised in some instances as high as 800 percent, and the consumers of steel products will pay those prices.

Here is an industry fixing prices in some instances 800 percent higher than they were under the old system of fixing prices, and gouging the public in higher prices before the public has had its purchasing power increased.

Take the paper industry. I am mentioning these things because they enter into the national scheme, the economic policy that we are pursuing, and I feel that it would be treason not to speak of these things, that the Senate may be informed regarding them. I cannot believe that the President of the United States will tolerate these practices if they are properly called to his attention.

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KING in the chair). Does the Senator from Minnesota yield to the Senator from West Virginia?

Mr. SHIPSTEAD. I do.

Mr. HATFIELD. Price fixing took place with all the large industries throughout the country, did it not? It took place as to the price of steel, the price of coal, the price of all of them, as a result of the suspension of the Sherman antitrust law.

Mr. SHIPSTEAD. I must say I am not familiar with all the codes. I am talking about the codes with which I am familiar.

Mr. HATFIELD. I may say to the Senator that that is the case.

Mr. SHIPSTEAD. Now, take the paper industry. The Joint Committee on Printing advertised for sealed bids for a little less than a million dollars' worth of paper. The bids were opened. There were 47 bidders. The bids were found to be about 90 percent identical. The prices were from 10 to 40 percent higher than they were in 1929 and averaged something like 100 percent higher than they were a year ago.

When the bids were opened the bidders were asked how it happened that 90 percent of the bids were identical. They said they were identical because of the method of fixing prices under the code, the open method of advertising bids 5 days before the bids were opened. They said they had not gotten together to agree on prices or to raise prices; but, as a result of that method of arriving at prices, 90 percent of the bids were identical, and, as I said, the prices were from 10 to 40 percent higher than they were in 1929. When they were asked why prices were so much higher than in 1929, they said it was due to the high cost of labor.

So I went to the code authority for the paper industry and asked to have prepared for me the wage scales in the paper industry for the year 1929 and the wage scales under the code. I wanted those wage scales to show what the average man received at the end of the month in 1929 in that industry and what he received under the code at the end of the month in this year in that industry.

We found that the hourly wage was practically the same. But in 1929 the average man in the northern zone received $125 a month, and under the code he received $65. When that was called to the attention of the deputy administrator and he was asked to explain it, he said it was because of the fact that now, under the code, we are operating about 50 percent of capacity, and in 1929 we were operating 75 percent of capacity, that when the industry, under the code, increases production, increases its capacity, these differences will be made up.

Let us see how far they can be made up. Working 75 percent of capacity in 1929 the average man received $125. Working 50 percent of capacity under the code the average man in the northern zone receives $65 a month. Under the code, if the industry increases its production to 100 percent of capacity, working 40 hours a week, 160 hours a month, the most the average worker can receive in the northern zone will be 160 times 57 cents, which is the hourly wage, or about $90 a month, provided the industry can increase its production to 100 percent of its capacity. So, under this arrangement, the average worker in the northern zone will receive only $90 a month working 100 percent capacity, as compared with $125 a month working 75 percent of capacity in 1929.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. HATFIELD. In other words, the worker has had his hours reduced in number, his work opportunities per week reduced, and down with them went the price he was paid for his work?

Mr. SHIPSTEAD. I will cover that. Calling that to the attention of the deputy administrator, he said, "Well, we put more people to work." How have we put more people to work? Let us assume that the Senator from West Virginia has a job and that I have not a job. We cut down his income and his hours in order to give me a job. He divides his income with me. That makes him support me. It makes the poor support the poor, while the industry has an increased price of from 10 to 40 percent over the price of 1929.

Mr. HATFIELD. Even more.

Mr. SHIPSTEAD. In some instances greater even than in 1926, the year of the highest price for paper.

These policies, which undoubtedly have been inaugurated in good faith, are not producing the purchasing power or redistributing the wealth or the income of the Nation, restoring purchasing power to the great mass of the people, as we were told the N.R.A. would do.

Mr. HATFIELD. Mr. President, I may say to the Senator that in Huntington, W.Va., a shoe industry located in my home town, working something like 1,000 people, has reduced the hours of work, the workdays of the people per week have been reduced, and the commodity the plant was manufacturing has increased in price 100 percent. Yet the price the workers were paid for their labor was reduced because of the work opportunities being reduced per hour and per day and per week.

Mr. SHIPSTEAD. It seems to me that industry in this regard is as stupid as it was before the crash of 1929. No one can deny that the crash came largely because industry and finance took so much of the national income that they destroyed the purchasing power of the great mass of the people. They evidently have not learned anything in the last 4 years. They seem to expect to collect out of the people what they lost in the last 4 years, and they seem to expect to collect it this year. In my opinion, they are just as foolish as would a farmer be who had a herd of cows which had not had anything to eat or drink for a week, and instead of giving them something to eat and drink, the first thing the farmer does is to start to milk them. It is impossible to get milk out of a cow unless she is first given something to eat or drink. We cannot get money out of the great masses of the people unless we put something into their purses, either in the form of wages or in the form of prices for the commodities they have to sell and which they produce. Industry, in my opinion, is very stupid not to do that, because the more they pass to the people in the form of income the more they can collect. They take it all back, anyway, just as the farmer collects in milk whatever he feeds to his cow.

I have pointed these things out, not in the way of destructive criticism, but for the purpose of calling attention to certain tendencies which ought to be corrected, and which I hope can be corrected. I hope that those who have the ear of the President will call them to his attention in order that they may be corrected.

Let us take, for instance, the agricultural program, undoubtedly inaugurated in good faith. From the testimony of the Secretary of Agriculture before the Committee on Agriculture and Forestry we learn that the farmers' income last year was about $6,000,000,000, and, under benefit payments, something over a billion dollars more is to be paid to the farmers of the United States. I believe that will amount to between seven and and eight billion dollars. Let us say it is $8,000,000,000. The farmers will still be short $5,000,000 of what they had in 1926, and yet their charges in interest and taxes are higher than they were in 1926. The fixed charges on debts incurred under a high-price level, when the farmers had an income of $13,000,000,000 a year, cannot be paid on the basis of an annual income of seven or eight billion dollars.

Agricultural prices have advanced, it is true, but, under the price-raising program of the N.R.A., the farmer will pay more, in my opinion, for what he buys, if he has anything at all with which to buy, than he will get in increased prices for farm products, outside of benefit payments. If that is true, the American farmer, so far as his debts and his fixed charges are concerned, will be as hard up or worse at the end of this year than he was last year.

Mr. President, this is not offered as a matter of criticism; it is offered as a matter of calling attention to facts which we must face.

So far as the pending bill is concerned, I am not enough of an expert to explain the probable effect of it. It will increase the reserves for our currency by 25 percent, by resulting in the purchase and addition to the base of the currency 25 percent in silver, and to that extent will increase the reserve for our currency. I believe we have a billion and a half in excess of the necessary reserve now. That, so far as the economic life of the Nation is concerned, and so far as the exchange of goods is concerned, does not do us any good, because it can be used only on the basis of credit, and the credit system is not functioning. If we add 25 percent in addition to the reserves, what the effect will be, when we already have more reserves than we need, I do not know.

Mr. FESS. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. FESS. The Senator is touching precisely the subject which disturbs me in this argument. Under the Federal Reserve Act, we could tremendously expand the currency, if we wanted to, with the reserves we have.

Mr. SHIPSTEAD. I am sure we want to, but we cannot do it.

Mr. FESS. We can expand to the extent of two and a half times. What disturbs me is, suppose that all that is claimed for the pending bill shall take place; how are we going to get the money into circulation?

Mr. SHIPSTEAD. The Senator says we can expand the currency now. I should like to have the Senator say how we are to do it. We want to do it; we have been trying to do it for 4 years, and have failed to do it.

Mr. FESS. The Senator is confusing currency with circulation. I am not talking about circulation; I am talking about currency. Instead of having $3,000,000,000 of Federal Reserve currency we could reach over $8,000,000,000 with what we have now as a gold basis. But how would we get it into circulation if we should increase it?

Mr. SHIPSTEAD. One way by which it could be put into circulation would be through the payment of Government salaries and Government contracts with it; I mean under the bill, as I understand it.

Mr. FESS. It could be done now. We would simply be substituting actual cash for checks.

Mr. SHIPSTEAD. Yes.

Mr. FESS. Would the Senator think that all business should be done in actual cash, and that we should avoid all credit?

Mr. SHIPSTEAD. I am trying to find a way to get a medium of exchange, which we do not now have.

Mr. FESS. I am not complaining at what the Senator is saying. He just made a suggestion, I thought, as to what was confusing to him, and I wanted to say that that is the thing that is confusing to me; that is, if we issue any amount of money, how can we pump it into circulation unless there is a business demand for it?

Mr. SHIPSTEAD. There could only be a business demand when there was a medium of exchange for the exchange of goods, which I claim is the foundation of commerce.

Mr. FESS. I think the Senator is correct if we say we are going to eliminate the credit system, and, instead of doing business on credit, through checks, do not allow any business to be done except by the passing of actual currency. Then, of course, we would have to have an enormous amount of currency.

Mr. SHIPSTEAD. I thank the Senator. We have tried to make the credit system and the banking system function for 4 years by pumping Government credit into the banks and into industry. The Government credit is the only credit which seems to function. We have been told that pumping Government credit into business and into industry would prime the pump and start the credit system going. I do not know how many Senators were raised on farms, where water has to be drawn out of a pump, and I do not know how many of them have primed a pump, but I should like to ask if any Senator has ever tried to prime a pump that was cracked?

Mr. FESS. A pump which is cracked cannot be primed.

Mr. SHIPSTEAD. No; one cannot prime a pump which is cracked. And our credit system cracked in 1929, and we have been pouring credit into it ever since, but we have failed to prime the pump. We must find some other way to obtain a medium of exchange. If debts could be reduced by one-half we would revive our credit system.

The PRESIDING OFFICER. The time of the Senator expired several minutes ago.

Mr. PITTMAN. Mr. President, I suggest the absence of a quorum.

Mr. HAYDEN. Mr. President, will the Senator withhold his request?

Mr. PITTMAN. I withhold my request.

Mr. HAYDEN. Mr. President, it will be remembered that on December 21, 1933, the President issued a proclamation relating to the coinage of silver, the purpose of which was to carry out an agreement entered into at the World Economic and Monetary Conference in the city of London on July 20, 1933, in which a delegation representative of the American Government participated. The leader of the delegation, so far as monetary agreements were concerned, was the senior Senator from Nevada [Mr. PITTMAN]. He was the author of the monetary resolutions adopted at the London Conference.

At that conference the Senator from Nevada accomplished something in behalf of silver which had never been done before in all history. He persuaded the representatives of 66 governments that silver should be used as money instead of being treated as a mere commodity.

To go back into history for a few moments, it will be remembered that at the close of the Napoleonic Wars the ratio of the coinage of silver to gold in Great Britain was 15½ to 1, and in France 15 to 1. Under those circumstances it was profitable to ship silver to France and gold to England. That slight, and perhaps chance, difference in the ratio between the two countries was what placed England originally on the gold standard, and the English became accustomed to having gold and only gold as the basis for their currency. The English definitely adopted the gold standard about 1816, and being a great commercial nation, with wide-spread business interests throughout the world, the gold standard became to the British mind the only standard of measurement so far as money was concerned.

The rest of the world remained on a bimetallic basis, until the Franco-Prussian War, when there was levied by Bismarck upon France a fine equivalent to a billion dollars in gold in American money. The Germans, after acquiring that vast sum of gold, determined that it was to Germany's advantage to go upon the gold standard. The German Government proceeded to do so and to sell its surplus silver.

Dumping the German silver upon the world market had a repercussion upon the Latin Monetary Union, which was established by Napoleon III. That union consisted of France, Switzerland, Belgium, Italy, and Spain, which had a common unit of value in gold and silver. The members of the Latin Monetary Union found that with the excess silver dumped upon the market by Germany they could not maintain a bimetallic system and went upon the gold standard.

The next effect was in our own country, where Congress, in 1873, abandoned bimetallism and established the single gold standard.

In all these instances governments, in order to accomplish something to their own immediate advantage, took action detrimental to the use of silver as money.

With the principal commercial nations of the world adopting the gold standard, the monetary demand for silver was greatly lessened. The average market value of silver from the time of its demonetization in 1873 up until the World War was about 60 or 65 cents an ounce.

The World War created a demand for silver, particularly on the part of Great Britain, in order to purchase supplies in far eastern countries. At one time during the war silver went above the 16-to-1 parity of $1.29 an ounce, until it paid to melt silver coin, because the bullion value of silver was greater than its coinage value. That fact was used by the British Parliament in 1920 as an excuse for debasing all of its silver coinage. The British Government called in all the shillings, the sixpence, and half crowns that were then coined at 975/1,000ths fine, melted them up, and reissued its entire coinage half silver and half alloy. That Government took out of its coinage over 101,000,000 ounces of silver, and made, of course, a substantial profit in doing so.

Other European nations thought that if the British could thus make a profit, they might as well follow the example thus set. Belgium entirely abandoned the use of silver coin. Debasement was also practiced by France, Germany, and other European countries.

Taking silver out of the coinage and dumping it upon the market, one nation at a time doing so to make a profit, had the effect of driving down the price of silver to a point lower than was ever recorded in all history.

It was not a natural price; it was an artificial market price produced by abandoning the use of silver as money. Governments and governments alone ruined the price of silver. That movement, known as "the flight from silver", continued until the London monetary conference. Then and there the senior Senator from Nevada for the first time persuaded the representatives of 66 nations in attendance that it was to the interest of the countries they represented and to the interest of the whole world, that there be no further discrimination against the monetary use of silver. A solemn compact was entered into which in substance provided that all such governments would no longer melt up or debase their silver coins, that no legislation should be enacted that would depreciate the value of silver; that upon the contrary they would, as soon as they conveniently could, resume the use of silver for minor coins, instead of using fractional paper currency, as is now customary in many instances.

For the first time, I say, in modern history, or in all history, representatives of all the principal nations of the world came together and realized that they should act in concert with respect to the coinage of silver. The senior Senator from Nevada is more responsible than any other one man in the world for bringing about that agreement. His sound and persuasive arguments brought about that result.

In addition to that, there was made a further agreement that the great silver-producing countries of the world, the United States, Canada, Australia, Mexico, and Peru, should provide for the purchase of new silver produced from their mines and using the same in their coinage. The great silver-holding countries of the world, China, India, and Spain, also agreed that they would limit future sales from their surpluses and would no longer dump silver upon the world market.

The United States was a party to that agreement, and to carry out our share of it, the President of the United States issued a proclamation last December, the concrete effect of which was that our Government would pay 64½ cents an ounce for all newly mined silver produced in the United States.

When the senior Senator from Nevada returned from London he was kind enough to explain to me in some detail just what had occurred. We decided that the best way to carry the monetary agreement into effect was for the President to issue a proclamation. In order to be helpful to the President, we drafted a form of proclamation which we suggested that he use. I am frank to say that the proclamation as finally issued quite closely conformed to the suggestions we made, except that we recommended that all American-produced silver be purchased at the rate of $1 per ounce.

The senior Senator from Nevada at that time asked me to prepare a statement justifying the issuance of such a Presidential proclamation. I ask unanimous consent, Mr. President, to have printed at this point as a part of my remarks a copy of the letter addressed to Mr. McIntyre, the secretary to the President, and the memorandum which I submitted under date of September 29, 1933, justifying the issuance of such a proclamation.

The PRESIDING OFFICER (Mr. THOMPSON in the chair). There being no objection, it is so ordered.

The letter and memorandum are as follows:

WASHINGTON, D.C., *September 29, 1933.*

MARVIN H. MCINTYRE,
Secretary to the President.

MY DEAR MR. MCINTYRE: Referring to our talk before you left Washington, I am enclosing the draft of a proclamation relating to the coinage of American-produced silver and some reasons why it should be issued by the President.

Some days ago Senator PITTMAN was kind enough to fully explain his proposal to me, and I suggested that the best way to be of service to the President would be to prepare the text of a proclamation for his consideration. Key asked me to draft such a proclamation, and what I have done he has taken pains to revise.

The present market price of silver is about 40 cents an ounce in United States currency. With the dollar worth only about 66 cents in gold, the value of an ounce of silver measured in gold is only about 27 cents, a price so low as to be ruinous to business conducted on a silver basis and, consequently, paralyzing to our trade with all silver-using countries.

The immediate objective should be to reestablish a world price for silver of about 60 or 65 cents an ounce. Save for two interruptions, due to the war in 1917 to 1920 and the depression in 1929 to 1933, world commerce has been accustomed to that price for over a generation. With governmental discriminations against silver removed by the London agreement, the natural law of supply and demand may be trusted to find a proper price for that metal after 1937.

I am in complete accord with Senator PITTMAN in the belief that this purpose can be accomplished by the President through such a proclamation. We hope that this result of our labors will be helpful to him.

With kindest personal regards, I am,

Yours very sincerely,

CARL HAYDEN,
United States Senate.

COMMENT AND JUSTIFICATION

The effect of this Executive proclamation will be to—

1. (a) Carry out the American part of international monetary agreements in which representatives of the United States have joined, and thereby encourage all other nations signatory to the agreements to do their part.

(b) Increase the price of silver throughout the world with a consequent improvement in world trade with the countries where silver is used as money.

Within the United States the following results may be expected:

1. An increase in the money in circulation, strictly limited by the amount of silver produced, which can do no harm and will be particularly helpful in all metal-mining regions.

(a) The average annual American production of silver from 1922 to 1931, inclusive, was 58,000,000 ounces. In 1932 the production was only 24,000,000 ounces. While it is very doubtful if that much could be acquired, if 200,000,000 ounces were purchased during the 4 years, the total number of silver dollars coined at 0.7734 fine ounces to a dollar would be 258,597,000.

(b) In 1900, when the United States adopted the gold standard, the total monetary stock of gold was $1,034,384,000, or $13.56 per capita. The monetary stock of silver was $648,995,000, or $8.51 per capita. Our metal money then consisted of 62 percent gold and 38 percent silver.

On February 28, 1933, the American monetary stock of gold was $4,399,540,000, or $35.09 per capita. The monetary stock of silver was $846,775,000, but the increase in population has reduced the per capita of silver to $6.78. We now have about 86 percent gold and 14 percent silver.

(c) Adding $250,000,000 to the monetary stock of silver would raise the per capita of silver to about $8.75, or approximately what it was in 1900. It would also require more than an additional billion and a half of silver dollars to restore the proportion of silver money to gold money that existed when the gold standard was adopted.

2. Added value to lead, zinc, copper, and other ores which have a silver content and thereby make more profitable the production of the limited quantities of such ores as are fixed by the N.R.A. codes under which they are mined.

(a) The origin of silver produced in the United States from 1928 to 1931, inclusive, is as follows:

	Percent
From lead-zinc ores	55.25
From copper ores	24.76
From gold-silver ores	17.14
From purely silver ores	2.85

3. Compliance with the pledge made in the Democratic national platform of 1932 for the rehabilitation of silver by an international monetary agreement.

THE PROPER PRICE TO BE PAID FOR NEWLY MINED OR "VIRGIN" SILVER

The effect of charging 23 percent of the weight of silver tendered at the United States mints as payment for the cost of minting and seniorage is to fix the purchase price of a fine ounce of American-produced silver at $0.9956, which is, for practical purposes, a dollar. The mint price of silver produced in the United States to be purchased with silver dollars in accordance with the President's proclamation should be close to $1 per ounce, because:

1. The average world price of an ounce of silver for the years of 1921 to 1929, inclusive, was $0.6263. During those years gold was worth $20.63 an ounce. Gold has now advanced to $31 per ounce in United States currency, an increase of over 50 percent. To do no more than rehabilitate silver to its predepression value as compared to gold requires a like 50-percent increase for 62.63-cent silver, or a price of $0.9394. This is so near $1 that, with the probability of some further advance in the price of gold, establishing approximately $1 an ounce as the purchase price of American silver is reasonable.

2. The Pittman Act of April 23, 1918, is a precedent for paying $1 per fine ounce for silver. While the United States mints from May 1920 to June 1923 were paying $1 an ounce under that act for silver produced in the United States, the average world price of silver, for that same period was 69.13 cents. Assuming that the same causes produce the same effect, in order to have a world or gold price of about 60 to 65 cents an ounce, our Government should again pay $1 an ounce in American money for silver, the product of mines situated in the United States.

THIS PROCLAMATION WILL NOT CONFLICT WITH A FUTURE PROCLAMATION REDUCING THE GOLD CONTENT OF THE DOLLAR

Fixing the purchase price of American-produced silver at $1 per fine ounce in United States currency will in no way interfere with any future proclamation, which events may require the President to issue, reducing the gold content of the dollar. This is demonstrated by the following mathematical propositions:

The mint price of gold was $20.67 an ounce, and a gold dollar contained 23.22 grains of gold. The dollar has now declined about one-third and the price of gold has advanced about one-half.

1. If the price of gold should advance 100 percent to \$41.34 an ounce and the dollar is stabilized at that point, only 11.61 grains of gold would be required for a dollar, or one-half as much. If the silver dollar remains at its present weight of 371.25 grains of fine silver, the coinage ratio of silver to gold would be 32 to 1. This would fix the price of silver, as measured by 23.22 grains of gold, at one-half of \$1.2929, or \$0.6465, an ounce.

2. If the price of gold should advance 75 percent to \$36.17 an ounce when the dollar is stabilized, 13.27 grains of gold would be required, or 57 percent as much, and the ratio of the new gold dollar to the present silver dollar would be 28 to 1. It would not then be profitable to melt standard silver dollars unless the market price of silver was above \$0.7370 an ounce.

3. If the price of gold is increased 66⅔ percent to \$34.46 an ounce and the dollar is then stabilized, 13.93 grains of gold will be required, or 60 percent as much, and the gold-silver coinage ratio would be 26.65 to 1. The melting-point price of silver would then be \$0.7757 an ounce.

4. Stabilization of the dollar at the present price of gold—\$31, an increase of 50 percent—would result in a dollar containing 15.48 grains of gold, or two-thirds as much as before. The coinage ratio of silver to gold would be 24 to 1, and the melting-point price of silver \$0.8620 an ounce.

The President is not authorized to cut the gold content of the dollar more than 50 percent and it does not at present appear likely that he will be compelled to go that far. He can now provide that \$1 an ounce in silver dollars will be paid for silver mined in the United States with no risk of embarrassment when the time comes to finally determine the weight of gold in the dollar and definitely fix a ratio based upon the number of grains of gold in the gold dollar and the number of grains of silver in the silver dollar. That can be done without any change in the weight and fineness of the present silver coins.

CARL HAYDEN.

WASHINGTON, D.C., *September 29, 1933.*

Mr. FESS. Mr. President, the 15-minute limitation begins now, does it not?

Mr. PITTMAN. It begins in 2 minutes, Mr. President.

Mr. McNARY. Mr. President, I think the Democratic Members have exhausted their time.

Mr. PITTMAN. That is true.

Mr. McNARY. Why would it not be well to suggest the absence of a quorum and then recognize the Senator from Ohio, who will have 15 minutes on the pending measure and an amendment? If it is agreeable to the Senator from Nevada I will now suggest the absence of a quorum.

Mr. PITTMAN. I shall be glad if the Senator will do so.

Mr. McNARY. Mr. President, I suggest the absence of a quorum, and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Patterson
Ashurst	Costigan	Hebert	Pittman
Austin	Couzens	Johnson	Reynolds
Bachman	Cutting	Kean	Robinson, Ark.
Bailey	Davis	King	Robinson, Ind.
Bankhead	Dickinson	La Follette	Russell
Barbour	Dill	Lewis	Schall
Barkley	Duffy	Logan	Sheppard
Black	Erickson	Lonergan	Shipstead
Bone	Fess	Long	Smith
Borah	Fletcher	McCarran	Steiwer
Brown	Frazier	McGill	Stephens
Bulkley	George	McKellar	Thomas, Okla
Bulow	Gibson	McNary	Thomas, Utah
Byrd	Glass	Metcalf	Thompson
Byrnes	Goldsborough	Murphy	Townsend
Capper	Gore	Neely	Tydings
Caraway	Hale	Norbeck	Wagner
Carey	Harrison	Norris	Walcott
Clark	Hastings	Nye	Walsh
Connally	Hatch	O'Mahoney	Wheeler
Coolidge	Hatfield	Overton	White

Mr. LEWIS. I announce the absence of the Senator from California [Mr. McADOO], occasioned by illness, and the absence of the Senator from Indiana [Mr. VAN NUYS], the Senator from Florida [Mr. TRAMMELL], and my colleague the junior Senator from Illinois [Mr. DIETERICH], detained on official business. I also announce that the Senator from Idaho [Mr. POPE] is absent, occasioned by the necessity of attending the funeral of his late colleague, Mr. COFFIN, of the House of Representatives.

The PRESIDING OFFICER (Mr. THOMPSON in the chair). Eighty-eight Senators have answered to their names. A quorum is present.

Mr. FESS. Mr. President, I do not want to allow some of the statements made by the Senator from Idaho [Mr. BORAH] to pass without comment. I take it from what he had to say that the maldistribution of wealth is one of the diseases that ought to be cured, and this proposed legislation will be, at least in part, a remedy. He stated that 4 percent of the people own 80 percent of the wealth. I am afraid that that statement is true; but I do not know how we are going in any way to counteract what has actually taken place unless we undertake to control all the laws of production, distribution, and consumption. It is a matter that is written not in any monetary system but it is written in the differentiation of ability among men and women. If we are going to find fault with what God has done in making people not all alike but, on the contrary, making them so unlike, then we are confronted by a greater problem than I had ever thought the Congress would attempt to solve.

Take any typical town, I do not care what town it may be, and look at its population. Here is one man who is a thinker, who possesses courage and resourcefulness. He organizes a business; employs people at the ruling wages and salaries. Oftentimes such a man fails, and sometimes he succeeds, and when he does succeed he becomes a leader in business, a great employer of labor, a wide distributor of the fruits and comforts of life. There is the most radical difference between his stage in life measured by what he has accomplished in accumulating this world's goods and all the other people of that town.

Is the monetary system properly a subject of criticism on that basis? Why is it that we have a Henry Ford, with his accumulations, and employing 50,000 people at good salaries and fairly good wages? Are we going to find fault with the ability of brain to organize a business, multiply the comforts of life, and distribute them as never before among the people of the country simply because one man has accumulated greatly and the people who are around him have not accumulated in the same degree?

Why is there a Chrysler? Why is there a Wilbur Wright? Why is there any inventor? Edison in one short life had to his credit patents from which accumulations were derived amounting to over \$16,000,000,000. Of course, he did not own that much, but he took out the patents and benefited the world through the application of the discoveries he made. It was his brain that made it possible. Are we going to condemn a system because it enables one man, through his inventive genius or his discoveries, to accumulate wealth and another man, through his ability and capacity, to organize a business, and then, by taking perhaps a very small percentage of the individual profit on an article, to accumulate enormous wealth? How are we going to counteract such conditions? They are not due to the monetary system. No monetary system could have prevented what I have described, if it should have been prevented; and when it is said there is a very pronounced maldistribution of wealth, of course there is, and there always will be.

My friend from Idaho calls attention to our loss of trade in the Orient. How much trade has China? She has less than 2 percent of the world's trade. Suppose we had all the trade of China, what would that mean in the great sum total? It is looking at a gnat and making of it an enormous insect. The truth about the matter was stated by me on a previous occasion, not on sentimental grounds or on any dogmatic principle, but I stated it at considerable expense of time and energy and pointed out the actual figures of the trade of China and India with ourselves.

I showed that the trade had fallen off not because of the monetary system, for, as China claims, the monetary system is to her advantage. That point was argued here without the Senator from Idaho evidently noticing it, for he stated that the Orient was taking our trade, and assumed that it was because of our monetary system, and at the same time complained that silver had been denied to those countries and therefore we were at a disadvantage. I pointed out here that as silver was being imported the export trade of China was increasing, and instead of the lowering of the price of silver being a detriment it was an advantage to China. Those are the facts; they are not propaganda; they are not the expression of anyone in Europe of the type of mind of Mr. Keynes and others who have been propagandizing along this line for years.

Mr. President, it is these facts that are disturbing to me. I am somewhat surprised that the Senator was carried off, as I thought he was not in 1896, with the Coin Harvey philosophy and the General Coxey ideas in Ohio. I say I am surprised at it. I want to state again it is not the amount of money, but it is the working of that money that must be the determinant. It makes no difference how much money there is. We could now under the law, without changing a word of it, without dotting an "i" or crossing a "t" create $8,000,000,000 of new money. But suppose we did it; how would we put it into circulation? How would it work? How could it be employed until there was a demand in business for it?

My friend from Minnesota [Mr. Shipstead] has suggested that the way to do it would be to deny the use of credit and have the Government, instead of issuing a certificate of wealth, issue the actual wealth and pay not in checks but in gold or silver. If we should undertake to do that, there would not be money enough in the world to transact the business of this country alone. As the Senator from Idaho [Mr. Borah] said, we have not gold enough to transact the business of the country. If that is true, then we have not silver enough. It would be fallacious, in the light of that fact, to say we should use both gold and silver.

Putting the two metals in circulation, we could not any more keep them together than we could keep a hen and a duck together by law. With the two metals circulating, the cheaper would drive out the dearer, and we would be on the basis of the cheaper money. If there is not gold enough, there is not silver enough, and we cannot use both of them unless all the nations of the world shall agree upon a ratio.

If we need more money and, therefore, must use silver to add to the gold, then our concern ought to have other countries enter into an agreement to put into circulation both gold and silver and not to discriminate in their purchases between the two, but always to take either one so they would be interchangeable. In that case we could keep the metals in circulation and increase the amount.

My time has expired, and my closing statement is that, while it is unfortunate that the gold has gotten into the hands of a few governments like the United States, Great Britain, and France, when there ought to be a better distribution of gold, the methods which are proposed by this kind of legislation will defeat better distribution instead of furnishing a remedy. The remedy will indeed be worse than the disease.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. Thomas].

Mr. McNARY. Mr. President, I note the absence of the Senator from Oklahoma. He desires to be present before the vote is taken. I, therefore, suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Patterson
Ashurst	Costigan	Hebert	Pittman
Austin	Couzens	Johnson	Reynolds
Bachman	Cutting	Kean	Robinson, Ark.
Bailey	Davis	King	Robinson, Ind.
Bankhead	Dickinson	La Follette	Russell
Barbour	Dill	Lewis	Schall
Barkley	Duffy	Logan	Sheppard
Black	Erickson	Lonergan	Shipstead
Bone	Fess	Long	Smith
Borah	Fletcher	McCarran	Steiwer
Brown	Frazier	McGill	Stephens
Bulkley	George	McKellar	Thomas, Okla.
Bulow	Gibson	McNary	Thomas, Utah
Byrd	Glass	Metcalf	Thompson
Byrnes	Goldsborough	Murphy	Townsend
Capper	Gore	Neely	Tydings
Caraway	Hale	Norbeck	Wagner
Carey	Harrison	Norris	Walcott
Clark	Hastings	Nye	Walsh
Connally	Hatch	O'Mahoney	Wheeler
Coolidge	Hatfield	Overton	White

Mr. LEWIS. May I be permitted to reannounce the absence of certain Senators and the occasions for such absence as announced on previous roll calls?

The PRESIDING OFFICER (Mr. George in the chair). Eighty-eight Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. Thomas].

Mr. THOMAS of Oklahoma. Mr. President, I propound a parliamentary inquiry. Under the present unanimous-consent agreement is it the understanding that I may have 15 minutes on the amendment pending and likewise thereafter 15 minutes upon the bill?

The PRESIDING OFFICER. The present occupant of the chair is advised that that has been the construction placed upon the unanimous-consent agreement.

Mr. McNARY. Mr. President, what is the parliamentary inquiry?

The PRESIDING OFFICER. Will the Senator from Oklahoma again state his parliamentary inquiry?

Mr. THOMAS of Oklahoma. I inquired whether or not under the unanimous-consent agreement I would be permitted to have 15 minutes upon the pending amendment and thereafter 15 minutes upon the bill if I choose to occupy as much as 30 minutes time in toto.

Mr. McNARY. That was not the intention in proposing the unanimous-consent agreement. It was my intention to limit debate to 15 minutes on both the bill and the amendments. That is the language of the unanimous-consent agreement, if the Chair will read it in the Conressional Record.

The PRESIDING OFFICER. The occupant of the chair is not advised of the exact terms of the unanimous-consent agreement.

Mr. McNARY. May I ask the occupant of the chair if he is aware of the controversy which ensued Saturday afternoon just before we recessed?

The PRESIDING OFFICER. The occupant of the chair is entirely ignorant of that controversy.

Mr. McNARY. The proposal first made by the Senator from Nevada [Mr. Pittman] I thought incomplete, and I stated one in my own language which was adopted. Surely the language of the agreement carries out my intention which was to limit debate to 15 minutes on the bill and the amendments. If the Chair has a different interpretation of the agreement I shall abide by his decision.

Mr. McCARRAN. Mr. President, my understanding of the unanimous-consent agreement was that we should have 15 minutes on each pending amendment or on amendments which should be offered from the floor and 15 minutes on the bill.

Mr. McNARY. That is not my understanding of the agreement at all.

Mr. PITTMAN. Mr. President, in proposing the agreement I desired in the first place to limit debate to one speech by each Senator and not exceeding 15 minutes on both the bill and any pending amendment. However, the language in which I expressed it is open to the construction that 30 minutes is allowed to each Senator—that is, 15 minutes on the bill and 15 minutes on an amendment, or a motion that is pending or proposed.

I will state that as far as my understanding of the agreement is concerned, each Senator is at liberty to have 30 minutes on the bill and the amendment.

The PRESIDING OFFICER. The unanimous-consent agreement has been brought to the attention of the Chair, and it is the opinion of the present occupant of the chair that under it 15 minutes is allowed on the bill and the amendment, not 15 minutes on the bill or the amendment. That seems to be entirely clear from reading the unanimous-consent agreement as reported in the Record.

Mr. THOMAS of Oklahoma. Let me say that that is not the understanding I had, and not the understanding that the proposer of the unanimous-consent agreement had; but I am willing to abide by the decision of the Chair.

Mr. McNARY. Mr. President, so far as I am personally concerned, if the Chair's construction will discommode anyone, I am willing to say that each Senator may have 15 minutes on the bill and 15 minutes on any amendment, making 30 minutes in whole.

Mr. ROBINSON of Arkansas. Of course a Senator could speak only once on the bill.

Mr. McNARY. Yes; and I would rather have the agreement extended than strictly construed if the Chair's construction will disappoint any Senator who desires to speak longer than 15 minutes.

The PRESIDING OFFICER. Is there a proposal for modification of the unanimous-consent agreement?

Mr. McNARY. I propose it.

The PRESIDING OFFICER. The Senator from Oregon asks that the unanimous-consent agreement heretofore made be modified so that no Senator may speak more than once or longer than 15 minutes on the bill, nor more than once or longer than 15 minutes upon any amendment thereto.

Mr. McCARRAN. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. McCARRAN. I desire to say that before I consented to the agreement I conferred with the leader, and I think—without binding myself or my colleague—I conferred with my colleague. My understanding of the agreement was that Senators should have 15 minutes on each amendment now pending or that might be offered and 15 minutes on the bill.

Mr. ROBINSON of Arkansas. Mr. President, I think that is the correct interpretation of the agreement, and that the construction which has been placed on agreements of this character is that a Senator may speak on the bill 15 minutes and then may speak on the amendment 15 minutes; but, of course, he cannot speak on the bill more than once.

Mr. McNARY. That is true.

The PRESIDING OFFICER. The Chair heard no objection.

Mr. ROBINSON of Arkansas. He may speak again on another amendment 15 minutes.

I do not think there need be any difficulty about it. We have made that application of agreements in language almost identical with this for a long time. Technically, of course, it is not correct. Technically, a Senator should speak upon the question that is pending, which would be the amendment before the Senate at the particular time he speaks; but by the construction I have stated we have permitted a Senator to consume his time on the bill whenever he was ready to do so.

The PRESIDING OFFICER. The Chair heard no objection to the request for modification of the proposed unanimous-consent agreement.

Mr. McNARY. In order to relieve the RECORD or the Chair from any doubt as to the proper construction, I propose that the agreement be modified, if necessary, so that each Senator may speak once for 15 minutes on the bill and once for 15 minutes on any amendment.

The PRESIDING OFFICER. Is there objection to the modification proposed by the Senator from Oregon? The Chair hears none, and it is so ordered.

Mr. THOMAS of Oklahoma. Mr. President, the pending amendment, offered by myself, proposes to strike out section 2 of the pending bill and insert a new section in lieu thereof.

I ask to have the clerk read section 2 of the bill as it is pending before the Senate.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

SEC. 2. It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining one-fourth of the monetary value of such stocks in silver.

Mr. THOMAS of Oklahoma. Mr. President, I now ask that the clerk be permitted to read the amendment to section 2 in the nature of a substitute offered by myself.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The CHIEF CLERK. It is proposed to strike out lines 5 to 9, inclusive, on page 1, and to insert in lieu thereof the following:

SEC. 2. It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary metallic reserves of the United States should be increased, with the ultimate objective of having and maintaining one-fourth of such reserves by value in silver.

Mr. THOMAS of Oklahoma. Mr. President, I find myself supporting this measure, not because it proposes to remonetize silver, but in spite of the fact that it does not remonetize silver.

If silver is now remonetized, this bill continues the policy of remonetization. If silver is not now remonetized, this bill does not change one iota the status of silver.

All this bill does is to authorize the Department of the Treasury to go into the markets and buy some more silver as a commodity and add such commodity to our present stock of silver.

Mr. President, this bill does not go as far as I think the bill should go. If it is the desire of Congress to pass a bill providing only for buying more silver, of course, I have no objection. I favor that; but that does not in any sense satisfy me.

Silver was demonetized in 1873. We initiated a policy of buying silver in 1878. That act did not remonetize silver. Because it did not remonetize silver, in 1890 the Congress passed what is known as the "Sherman Silver Purchase Act." Those two bills were mandatory. The Bland-Allison Act provided that a certain amount of silver should be purchased each month. The act did not do the job. The Sherman Silver Purchase Act provided that four and a half million ounces of silver should be purchased each month. That act did not do the job. If those two bills were bills remonetizing silver, which I contend they were not—and they went much further than this bill—then how can this bill, which provides for no purchase per month, be a bill proposing to remonetize silver?

If it be the policy of the Congress simply to go out in the world market and buy some more silver as a commodity and put it in a storehouse at some place, somewhere, sometime, and that is the judgment of the Congress and the Government, of course I have no objection; but that does not go as far as I had hoped this silver bill would go. I thought we were proposing to remonetize silver, and make silver again standard, primary, and basic money of this Nation.

Today silver is token money, no more important in our financial system than the nickels we have in our pockets, no more important than the pennies we have in our pockets, and no more important than the paper money we have in our pockets. Silver is not primary, basic, or standard money.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Texas?

Mr. THOMAS of Oklahoma. I yield to the Senator from Texas.

Mr. CONNALLY. While that is true, yet is it not also true that the bill will create some demand for silver, and to that extent help to stimulate the price?

Mr. THOMAS of Oklahoma. Exactly so. We provided for the purchase of a lot of cotton. That helped the price of cotton.

Mr. CONNALLY. It is not quite fair, though, to say that the bill will have no more effect on silver than if it were pewter or tin or nickel. It will help to the extent of creating some demand.

Mr. THOMAS of Oklahoma. If we should go into the open market and agree to buy a certain number of tons of copper to be coined into pennies, that would help the basic or commodity price of copper. If we should go into the open market to buy nickel, an alloy, that would help the price of nickel. If we proposed to use pewter as money, and should go into the open market to buy pewter, that would help the price of pewter, provided we should buy some pewter; and to the extent that we may buy silver the price of silver will, I hope, be benefited. Yet under the Bland-Allison Act and under the Sherman Act, and even under the Pittman Act, when we had to buy silver mandatorily, the price of silver was not materially increased.

I propose so to amend section 2 that the silver which we acquire and place in our storehouses shall be standard, basic, and primary money.

How can we add fiat to our reserves and make that fiat worth anything? That is what this bill proposes to add, if we may understand the statements made by its proponents. We are to add 2,000,000,000 ounces of silver to our stock of money. Unless the price of silver increases, the 2,000,000,000 ounces, from the standpoint of intrinsic value, will be worth less than $1,000,000,000, yet those 2,000,000,000 ounces of silver will go into our stock of money on a fictitious value of $1.29 per ounce, or at a total of intrinsic and fiat value of $2,500,000,000—one billion real and $1,500,000,000 of fiat. Who ever heard of fiat being made the basis of reserves, a basis for the issuance of money?

Mr. President, if the present section no. 2 shall be stricken and the substitute section shall be adopted, we will place silver in our reserves on the basis of value, not fiat. We will buy silver at whatever price silver can be had, and add that silver to our reserves at what it cost; so the silver will enter the reserves on an intrinsic value alone, and not upon a fiat value of $1.29 per ounce.

Mr. President, at this point I desire to call attention to an editorial appearing in today's Washington Post. This editorial is under the title "Chinese Silver."

In the editorial I find a quotation from one who is purported to be a famous economist by the name of Sir Arthur Salter. In the latter part of the editorial Sir Arthur Salter is presumed to be quoted, and I will read the quotation:

> There can be no doubt that during this period the net result of the steady depreciation of silver was (in spite of the arguments of the silver group to the contrary) of great advantage to China.

This refers to the falling price of silver in China over past years. There was a time, in 1920, when silver was worth $1.38 or $1.39 an ounce. From that time to this silver has fallen in price, in value, in China, and Sir Arthur Salter says "that that falling price of silver in China was of great advantage to China." Again the editorial says:

> At present the rise in the value of Chinese silver dollars in terms of the depreciated currencies of other nations has been accompanied by a decline in Chinese domestic prices and increasing trade dislocation. Since the fall of the dollar has aggravated these difficulties, the Chinese cannot be expected to hail enthusiastically our plans for "helping" them by raising the price of silver and thereby causing further appreciation of their currency.

Mr. President, is the American Congress legislating in behalf of the people of China, or are we attempting to legislate in behalf of the people of the United States? This editorial states that if this bill shall be enacted, and shall have the effect of raising the world value of silver, that will hurt China. The inference is that, to the extent that it hurts China, it will help the people of the United States.

On yesterday a great paper published in New York City, the New York Times, carried a two-column news story on the financial page, referred to earlier today by the distinguished senior Senator from Idaho [Mr. BORAH]. I wish to read some extracts from this news story. I ask that, after I shall have read the extracts, the entire story may be published at the end of my remarks as exhibit A.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit A.)

Mr. THOMAS of Oklahoma. The news story has the following headline:

> FAR EAST A RIVAL IN WORLD INDUSTRY—STUDENTS OF FOREIGN TRADE NOTE INROADS ON MARKETS OF WESTERN NATIONS—TARIFFS CALLED "FUTILE"—RISE IN SILVER PRICE WOULD REVIVE EXPORTS TO ORIENT, IT IS CONTENDED

Now, I read the first paragraph:

> For the first time in history the western world is keenly feeling the industrial competition from the Far East. This competition, according to those who have made a close study of the situation, reflects lower production costs in the Far East due to a lower wage scale, comparable mechanization which has been imported from the occidental nations, and the low price for silver and the Japanese yen, which, because of the proximity of Japan to China and other silver countries, is closely wedded to silver.

I wish to read a significant statement further on in the article. This statement shows, if it be true, that large American manufacturers are closing their establishments in the United States and transporting the machinery to China. One big concern, unnamed in the news story, is reputed to have closed American factories and transported the machinery to China, throwing out of employment 10,000 American laboring men, and, instead, setting up the machinery in China, employing Chinese laborers, to make cheap goods, not only to bring them back to the United States to come into competition with American-made goods, but, in addition, to send those cheaply made goods to the other nations of the world, where they will come in competition with American-made goods. I read from the news story as follows:

> It is difficult to determine to what extent American capital is playing in the industrial development of these Chinese ports. However, it is known that one large international concern, owned partly by American capital, recently dismantled four of its factories here, employing approximately 10,000 workers, and transferred its operations to Shanghai. When an official was criticized for the move because of its effect on the unemployment situation here, he replied that his responsibility was first to the shareholders of the corporation.

Mr. President, is the American Congress responsible to Americans who have factories in China, or is the American Congress responsible to the citizens of the United States at home? This news story states that Americans have transferred capital to China, set up that capital in the form of machinery, and employed the cheap labor of China in manufacturing goods in China, to come into competition with goods manufactured in the United States.

I call attention again to some figures to reinforce the arguments I have been trying to make on this floor in past years. I have tried to make the argument that if we should increase the circulation in the United States, we would thereby make money more plentiful, and that if we could make money more plentiful, we would make money cheaper, and that if we made money cheaper, we would make prices rise. Let me at this point call attention to the things which have happened over the past years.

In 1896 there was a great campaign in this country over the silver question. The Democratic Party, the party to which I owed allegiance at that time and the party to which I still owe allegiance, was the sponsor of the silver movement. At that time the United States had only $600,000,000 of gold within her borders.

The PRESIDING OFFICER. The Senator's time on the amendment has expired.

Mr. THOMAS of Oklahoma. I will take my time on the bill.

The PRESIDING OFFICER. The Senator has 15 minutes on the bill.

Mr. THOMAS of Oklahoma. In 1896 we had only $600,000,000 of gold. In the next 4 years that gold had increased to the sum of $1,034,000,000. In 4 years' time the gold in circulation increased $434,000,000.

Likewise the circulation in 1896 was only $1,530,000,000. By 1901 it had increased to $2,100,000,000. So in 4 years' time not only had the gold increased but likewise the amount of money in circulation—gold, silver, and paper—had increased $575,000,000.

More money came into circulation, money became more plentiful, money became cheaper, prices increased, and when 1900 arrived the great W. J. Bryan, who had argued for higher prices, saw prices higher, and prices had risen to such an extent that he could not go before the people again and make a campaign upon the money question. The increase of gold throughout the world and the increase of gold coming to the United States and the increase in circulation had caused a rise in prices to such an extent that in 4 years' time the silver question was deadened, or silenced, at least, for the time being.

In 1914 times were bad again, and what did the Democratic Party do to help out the people of the United States? In 1914 we had only $1,891,000,000 in gold in this country. In 1919, still under Democratic administration, the gold had increased to $3,113,000,000, or an increase of $1,220,000,000. With the expansion of the money in circulation prices increased accordingly.

How about the circulation in the same years? In 1914 we had in circulation only $3,359,000,000. From 1914 to 1919, or in 5 years' time, the circulation had increased to $5,863,000,000, an increase in the circulation of $2,504,000,000.

I submit those figures as an unanswerable argument that, to the extent to which we make money more plentiful, to that extent, comparatively, at least, we raise commodity prices, and that apparently is the thing we are all trying to do at the present time.

Mr. President, a few days ago I made the statement that the banks at this time were not lending money, and at that time I did not criticize and at the present time I do not criticize them for not making loans; but they are not making loans, and I gave the reasons why loans are not now being made.

The banks are collecting money today, and to the extent that they can collect money they buy Government bonds. So that the banks, having the money and no place to lend it, are doing what with it? They buy Government bonds, and the banks have so purchased Government bonds in the past 2 or 3 years that now the banks are using their resources through the purchase of Government bonds.

Mr. President, what is to happen if the circulation of money shall not be increased, if gold shall not increase, if we do not make silver basic money, what is to happen? The banks are not creating any deposit money; they cannot under present conditions. When the banks buy up all the bonds their surplus money will permit of, then where is the Government to find a market for its bonds that it must hereafter issue?

I hope that within a very short time it will not be necessary to sell any more bonds; but we are selling bonds now, and we will sell them next year, we may sell them the year after that, and it may be that we will have to sell bonds for years to come, because our income may not be sufficient to balance the Budget; and if the income does not balance the Budget, we will have to borrow in order to pay the bills incurred under our program of spending.

I ask the question again, What will happen when the banks have no more money with which to buy bonds? The people cannot buy bonds. When that time comes, this is what I think will happen:

Most bankers are wise; they understand the situation. They will know the influence and the trend of government. These wise bankers will see that if they are to realize on their bonds, and not hold them, perhaps, for a loss, they must commence selling the bonds. Then the wise bankers will quietly enter the bond market and begin to reduce the number of bonds in their portfolios, and when the few wise bankers begin to sell the bonds, the only market will be other banks, and these other bankers will soon join in the bond-selling movement. Then what will we have? We will have a bond crash, exactly as we had a stock crash in 1929. That is what I am trying to avoid.

Mr. President, I have made this statement on the floor of the Senate many times, and I am glad today to be able to read one or two paragraphs from a well-known journalist and writer, Mr. Mark Sullivan. Mr. Sullivan had one of his syndicated articles in the public press of yesterday, and I read one or two paragraphs from it, as follows:

> One thing is sure: Business recovery, and pretty prompt business recovery, is indispensable to the country. For the same reasons it should be indispensable to the administration. We can put it this way, in a chain of "becauses":
>
> The country (and the administration) must have business recovery because we must have profits; we must have profits because we must have the taxes which come in great part from profits; we must have taxes because we must stop borrowing, and must pay the interest on what we have already borrowed.
>
> The same thing can be put the other way round and in briefer form: If we do not have great business recovery, then the administration must go on borrowing. And if the administration goes on borrowing it will come presently to the point where it cannot borrow any more. And when it cannot borrow any more it must do what Germany did, take to the printing press and inflate. In other words, we must have business recovery, and have it in large proportions and early—else we shall have inflation.

Mr. Sullivan comes to the same conclusion at which I have arrived in my reasoning upon this question.

Mr. President, before I conclude I ask permission to insert in the RECORD that portion of my remarks which I am unable to read because of time after I shall have used my time.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. THOMAS of Oklahoma. I ask unanimous consent to make exhibit B the minority report submitted to the House of Representatives on H.R. 14756, by Representative WILLIAM L. FIESINGER, of Ohio.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

Mr. THOMAS of Oklahoma. In his very able address the distinguished senior Senator from Ohio, Senator FESS, gave voice to the proposition that in order to restore confidence to business, business should know on what basis they make contracts and what value they will receive when the contracts mature. I would like to express my approval of that statement as a sound monetary policy and to point out that that desired accomplishment is the aim and object of an amendment which I have offered to this bill.

I freely admit that this bill will fail in its object as long as silver is used as token money. I have already given fully my reasons for this, and I will not repeat them now. Silver as token money is merely a commodity in the Treasury, an asset as would be the ownership of cotton or wheat. If the Senate accepts the amendment that I have offered to this bill, we would give to silver legal tender qualities just as we have given gold legal tender qualities for the very purpose of breaking the corner on gold, relieving the excess demand for gold, restoring to gold normal demand in proportion to its supply for the purposes of world money. And I am sure the Senator from Ohio will admit, since he expresses his belief in the operation of natural law and in the law of supply and demand, which he says is just as operative as the law of gravity, that when we restore the supply, demand ratio of monetary gold to its normal level, we will reach the result he would advocate because business will then know on what basis their contracts are made, and they will know what value they will receive when such contracts fall due.

If we can arrive at the normal purchasing power of gold and maintain it, we will have accomplished that great objective which the people of this country have a right to expect of their legislators, if such a thing is possible to accomplish.

I would next like to address myself to the question of what is the relation between the price of silver and the price of commodities. And by this expression, "price of commodities", I am referring to the wholesale commodity price level, which is the best gage we can get for determining what is the buying power or exchange value of gold.

I again refer to the amendment I have advocated to this bill and I am free to admit that there is no relation between silver and the exchange value of gold if silver is used merely as token money. That is the reason why I have objected to the provisions of this bill which make silver token money.

The point I urge upon the Senate for its consideration is that silver must be given the same legal-tender privileges and the same monetary use as gold is given. Silver must be made legal tender for its value in the markets of the world, for its world-accepted value, as I have already argued before this Senate. But when you do this for silver, who can deny that gold then has a monetary use a truly competitive position with silver.

Again, we get back to the fundamental law of supply and demand. It is only necessary to understand what was done by the Food Administration during the war to understand this application of the law of supply and demand. During the war the price of wheat became excessive and it became a burden. The Food Administration provided that corn bread should be used for human food throughout the country on certain days of the week. Did this increase the quantity of wheat? No; but it lowered the price of wheat, because it made a competitive commodity out of other grains and forced them to be used in competition with wheat in bread.

The world is suffering from a corner on gold. We all admit this corner must be broken. If we will give to silver legal-tender qualities, we will break the corner on gold by bringing a competitive commodity into the supply-and-demand ration just as we did with corn during the World War.

Let us say that there is no relation between the price of silver and the purchasing power of gold so long as silver is not given monetary uses in world trade; but we are forced to admit that there is a relation between the exchange value of gold and the price of commodities. Values have in the past been expressed in gold. When we return to normalcy they will again be expressed in gold. It must be admitted that there is a relation, therefore, between the purchasing power of gold and how much of a given commodity gold will purchase.

We can admit that there is no direct relation between silver and world prices, but there is an indirect relation.

This indirect relation was referred to by one of the world's greatest bankers, Mr. Montague Norman, governor of the Bank of England, in his testimony before the Hilton-Young Commission in London. He said there is an interaction between gold and silver prices, which is none the less serious because it is indirect and not very apparent on the surface.

It should be plain, therefore, to the Members of the Senate and to this Government that if the amendment I have proposed is carried into this bill that this relation can be used to restore the confidence that the distinguished Senator from Ohio has mentioned as necessary for business revival.

I also agree with what the distinguished Senator has said with reference to the trade with China. It is true that there is a balance of trade in favor of China. It is also true that this trade balance is expressed with silver. For the present I will leave out of consideration the invisible factor in the trade balance where Chinamen who live abroad remit back to China a part of their earnings.

I will concede for the sake of argument that if we enhance the value of silver we will not thereby secure from China any material part of her stocks of silver in exchange for our surpluses of production.

But, Mr. President, that is not the point. Will the Senator contend that if we double and treble and quadruple our trade with China we will not have the opportunity to dispose of a part of our surpluses of production? The trade balance may still be in favor of China, but if we will export 4 times as much or even 10 times as much to China, will not that furnish an outlet for part of our surpluses of production, and will it not furnish a food supply to the millions who are now starving in China?

Under the amendment I have proposed to this bill we would restore the silver of China to a recognized status in world trade which would furnish to China, as a nation, a stability of value and a wider usage to their silver holding, and it cannot be denied that this is the equivalent in world values of setting up in China additional capital for operation, and it cannot be denied that capital for operation means increased activity, increased business, and increased profits, which is the basis of buying power and the basis of trade and commerce.

Again, we get back to the amendment I have offered. To raise the values of silver will not affect, in my opinion, materially the trade with China, but to restore silver to a monetary status by giving it legal tender qualities and making it a part of the world's monetary basis is a very different thing. And if we do this under a law in the United States, which gives us a reasonable control over the amount of silver that we can employ, we will have a vastly different situation and a vastly different result.

As I have already explained to the Senate, we will thereby raise the value of silver, and by putting silver in competition with gold we will lower the value of gold as to its purchasing power in the markets of the world.

With reference to world trade, I wish to say that our trade with China is a very small part of our world commerce, and if we give silver the use as proposed in the amendment I have offered we will not only increase the capital and the basis for banks' reserves in China, but also in all of the other nations of the world and by exactly the same reason if we increase our trade with China, we will also increase our trade with other nations.

The distinguished Senator from Ohio has read at great length from statistical figures to show that the production of silver in the United States is very small in proportion to our other industries and that the production of silver in the world is of very little value. The very essence of our monetary problem is to find a metal that is so scarce as to be a precious metal and, therefore, a metal which can be placed in competition with gold. The fact that silver is produced in small quantities is the very fact upon which we base our reason for our use of silver as a money metal. In fact, the Senator, elsewhere in his speech has expressed the idea that gold is of more value than silver and is preferable as money because the smallest volume possesses the greatest value.

We are not concerned with the small production of silver, nor are we concerned with the fact that the main use of silver has been and necessarily must be as a money metal. We wish the principal demand for the metal we set up as our money to come from monetary uses, and this, of course, is exactly our situation with gold.

The trouble with gold is that we have made it a standard of measure on the basis that it has no great use except for monetary purposes. Then we have later given it a different status and a very great demand by creating monetary reserves made up of gold. This additional use of gold is what makes it now necessary to have some other commodity than gold which we can deliver under our contracts.

Under the amendment I have proposed, these contracts which represent our debts can still be discharged by the delivery of gold values. We make no change in the values represented in these contracts, but we remove the corner on gold. These values can be represented—these gold values, if you please, can be represented—by another commodity, silver, which thereby becomes truly a competitor for the commodity gold.

To sum up my reply to the very able speech of the Senator from Ohio, it seems to me, and, in my opinion, it is clear that all of the arguments which the Senator has so ably directed against the proposal for a use of silver in our monetary system are directed at the fallacies and errors in the bill now before the Senate, and, in my opinion, it is also clear that these errors can be remedied by avoiding the very mistakes which seem to me to be apparent in the proposals of the bill, and which can be corrected by the amendment I have submitted.

I therefore urge in conclusion that the Senate seriously consider this amendment and incorporate same into the bill. If we do this I believe we have followed the only way out of our difficulty which the Senator from Ohio, expressed when he asked the question what will we do for a monetary unit after we have hoarded the gold and hoarded the silver and placed it out of use in the world's monetary system, because the only other necessary course, it seems to me, would be that we would set up a monetary system where the price-level control is entirely in the hands of the managers of a new money unit, which would no doubt be controlled by the direction of foreign management. It is inconceivable to me that the Congress of the United States could place the power to fix price levels outside of this Congress, and it therefore seems to me to be a matter of primary importance for us to amend the bill as I have proposed.

EXHIBIT A

[From the New York Times of Sunday, June 10, 1934]

FAR EAST A RIVAL IN WORLD INDUSTRY—STUDENTS OF FOREIGN TRADE NOTE INROADS ON MARKETS OF WESTERN NATIONS—TARIFFS CALLED FUTILE—RISE IN SILVER PRICE WOULD REVIVE EXPORTS TO ORIENT, IT IS CONTENDED

By J. H. Carmical

For the first time in history the western world is keenly feeling the industrial competition from the Far East. This competition, according to those who have made a close study of the situation, reflects lower production costs in the Far East due to a lower wage scale, comparable mechanization which has been imported from the occidental nations, and the low price for silver and the Japanese yen, which because of the proximity of Japan to China, and other silver countries, is closely wedded to silver.

In an effort to throttle this competition virtually all of the important industrial nations of Europe and the United States have raised their tariff barriers against goods produced in the Orient. Only recently England took steps in that direction which had been preceded by the United States and Germany. While the raising of tariff barriers has been reasonably effective in keeping Japanese and Chinese manufactured articles out of the countries which have taken this step, the result has been that these goods have found a market in other countries formerly supplied with these articles by the occidental nations.

Because of this condition the raising of tariff barriers does not solve the question. For instance, electric-light bulbs from Japan flooded this country last year at a price with which the largest electric-light bulb manufacturer in the world could not compete. The raising of the tariff on light bulbs kept them mostly out of this country, but their sale was then transferred to South America and other countries which the American manufacturer formerly supplied. As a result, the effect on the American manufacturer was little changed by the increased tariff, the result being that the domestic market was kept but the foreign market was lost.

BICYCLES ON ENGLISH MARKET

During recent months there has been a flood of Japanese bicycles on the English market at prices ranging from the equivalent of $3.50 to $4.50 for the de luxe models. England is a large manufacturer of bicycles for both domestic and export use. While England through a tariff could keep Japanese bicycles out of the country and her colonies, there is no way in which she could keep Japan from selling these bicycles to her customers in other countries except possibly through a reciprocal trade agreement.

Normally the activity of Japan in the foreign markets of the world would result in a favorable trade which would keep the yen at a level where export sales would be discouraged. However, in order to keep the yen at a level to hold the export markets, Japan has been a large buyer of raw materials in the world markets and also has been expending large sums of money in developing Manchukuo.

There is little doubt that a direct connection exists between silver prices and the price of cotton cloth because of the large amount of cotton goods sold in the Orient. Since their inception the cotton exchanges of Lancashire have posted the current prices of silver against the daily price of cotton. By experience those dealing in cotton and cotton fabrics know, a cotton authority recently said, that falling silver results in a decline in trade, more especially with the eastern markets, while rising silver leads invariably to relative improvement. On these points virtually every informed cotton man is definite in his convictions.

ENGLISH TEXTILE SITUATION

The predicament in which the English cotton-mill owners have been placed, due, most claim, largely to the fall of silver, is shown by the fact that these mills exported only 2,000,000,000 yards of cloth last year compared with 7,000,000,000 yards in 1913. During the same period their domestic-market sales dropped from 2,000,000,000 yards to 850,000,000 yards.

The reason for the drop of cotton-cloth exports by England, which also is now being felt by the United States mills, is due to the decreased purchasing power by the Orient because of the low price of silver. For instance, in China where a few years ago it required 1 ounce of silver to buy, say, 10 yards of cotton cloth, it now requires 2 ounces to buy approximately the same quantity of cloth. Also, the decline in the price of silver made possible the manufacture of cotton cloth in China on a profitable basis because of low wages, which are still being paid in silver at approximately the same rate as when silver commanded a much higher price in the world markets, and the nearness to markets in China and other parts of the Orient.

Because of this development there has been an influx of cotton manufacturing enterprises into the four treaty ports of China. Profits have been enormous, in 1932 ranging from a low of about 50 percent to about 75 percent, or sufficient to return the investment in less than 2 years. As a result, there is today the biggest real-estate boom in modern times in the four treaty ports of China, due almost entirely to the flood of foreign capital there to take advantage of the unusual conditions brought about by the low price of silver in terms of gold.

FACTORIES HERE TRANSFERRED

It is difficult to determine to what extent American capital is playing in the industrial development of these Chinese ports. However, it is known that one large international concern owned partly by American capital recently dismantled four of its factories here employing approximately 10,000 workers and transferred its operations to Shanghai. When an official was criticized for the move because of its effect on the unemployment situation here he replied that his responsibility was first to the shareholders of the corporation.

The foreign capital invested in these manufacturing enterprises in China opposes any move which would tend to increase the price of silver, because it would restrict Chinese exports and tend toward deflation there. However, so far as the natives are concerned, who have most of their savings in silver, the opinion is that they would be benefited and that higher silver prices would increase imports to China, while at the same time it would restrict exports of manufactured goods. So far as Chinese agricultural products are concerned, the consensus is that the volume would be little affected, although the price received in silver probably would be more.

ONE CAUSE OF UNEMPLOYMENT

The decrease of manufactured exports from this country and England to the Orient during the last few years has been one of the causes of the large increase in unemployment in both these countries. If through an increase in the price of silver the trend toward manufacturing goods in the Orient could be checked, the feeling is that the unemployment situation both here and in Europe in time would be materially improved. Without something to stop the trend, the feeling in some quarters is that the United States and other industrial countries will become largely agricultural nations, while the Orient, with its millions of workers, will in time become the industrialized section of the world.

Silver is not only the common currency of China, but it has been so long the common currency of India that today most of the people of both countries, representing one-half the population of the world, are vitally affected by any depreciation in the price of silver. In the last few years, because of the drop in the price of silver, they have seen their savings drop more than one-half in value. The reduced purchasing power of the immense aggregate of small silver savings in these countries naturally is a vital matter in world trade.

Because of the lack of banking facilities, their lack of faith in paper currency and the high price of gold, the inhabitants of both these countries have put their meager savings in silver for more than a thousand years. In India alone there are about 700,000 villages and less than a thousand local banks, most of which are in the large cities. Virtually the same holds true in China. As a result, virtually all the savings of both these countries are in silver in one form or another.

EXHIBIT B

Mr. FIESINGER submits the following views:

When the Members of the House of Representatives of the Seventy-second Congress were elected, the United States was at the crossroads of its economic existence, suffering from the most blighting depression the country had ever experienced. The people in that election were motivated to find Representatives in Congress and a Congress which would find the cause and cure of the business paralysis that was fast engulfing the Nation and the world.

One of the most important matters for investigation and the most likely place to find the seat of the trouble was the money unit. Is it being manipulated? We all understand that if your yardstick is doubled, your value is halved, even though your property is of just the same productive power. Another important question relates to the adequacy of basic money. Does it expand and contract to the needs of increased or decreased demand? Our gold dollar is a unit of measure of value, but gold is also our monetary reserve. Does the demand for gold as a reserve fluctuate so much as to destroy the reliability of gold as our measuring rod of value? Does the demand for gold as a reserve upset its reliability as a measuring unit?

THE CAUSE OF THE DEPRESSION

The above matters come under the jurisdiction of the Committee on Coinage, Weights, and Measures. After a careful investigation by this committee covering months of inquiry in consultation with witnesses from various parts of the world and with leading economists and financiers, this committee is forced to believe that it has arrived in its findings at the basic cause of this depression.

We quote the following from the report of this committee made to Congress on May 14, 1932, as definitely in point in announcing its findings as to the cause of this depression:

"The committee, through the weight of testimony, has learned that the major depressions have followed governmental action which directly resulted in the dislocation of money and through it, of commodity values, or, in other words, in the destruction of profits from productive industry. Profits reduced when the general commodity price level is suddenly lowered by whatever cause and completely wiped out when the price level goes below the cost of production. The position of the United States has shifted as a result of the World War from a debtor to a creditor nation. As a result of this, the profit from our productive industry has assumed greater importance, as it establishes through investment as well as consumption the basis of a market for our manufactured product. The maintenance of a condition of prosperity in the United States is, therefore, accentuated to the point that the restoration of productive industry to a profit-earning basis is of transcendental importance. To convey this idea in other words, we would say that the purchasing power of money must be brought back to normal, and, to do this, the causes of disequilibrium in money must be removed.

"Our investigation has revealed that certain European nations, in an effort to protect their manufacturing industries by affording a better cost basis through lower prices of raw materials and foodstuffs, suddenly and either inadvertently and unintentionally or quite deliberately depressed the world commodity price levels below the point that admits of any profit to the American producer. We find that this result has followed directly and definitely from certain governmental acts, the effects of which are clearly traceable, so that all the important facts are well sustained by the evidence we have gathered."

In other words, the cause of this depression is rooted in the legislative enactments of certain nations, and the direct effect of this foreign legislation on our business is to seriously control our profits, the value of our property, and the earnings of our people. Such a condition is incompatible with the vital interest of this Nation and must be controlled and corrected now that we understand the basic cause. The remedy becomes a comparatively simple matter and it consists of counterlegislation on our part to offset the results of foreign legislation and the effect thereof on our welfare and prosperity. In a word, we would place the United States in a position where it must defeat the point of attack. We must evolve a defensive or a protective remedy as against certain destructive acts of other governments.

DESTRUCTION OF VALUES

We find that the value of our farms, of our factories, of our homes, of our railroads, and even the value of the yield of our properties are shifted by the manipulations of foreign governments. And the evidence as to this is uncontradicted in our record. The values of property in most countries are measured in terms of their currencies. The value of property in the United States is measured by gold. If you manipulate the value of gold, you manipulate the value of everything that is measured by gold. Double the value of gold and you halve the value of every piece of property in the United States. In such a case the four hundred billions of property in the United States is reduced in market value to two hundred billions, but the two hundred and fifty billions of debts in the United States remain the same and our Nation as a nation is bankrupt. The findings of this committee is that the United States must defend its selected monetary unit which is the basis of its monetary and economic system. The United States must defend the market of gold and thus maintain it as a reliable and dependable measuring rod of value.

The United States must assume the control of the forces that have been used to manipulate the value of our yardstick of measure. We must control the manipulations of the buying power of gold as expressed in property. As a counter move to protect the manipulation of values of the property belonging to citizens of the United States this committee has reported out H.R. 14756, but many of this committee feel that this bill is a first step and will require amendment.

PRINCIPLES INVOLVED IN THE AMENDMENT

There are two principles on which this committee seems to be divided:

1. On the one hand, it is contended that the increased value of silver will solve the problem. Because the increase in value of silver will bring the desired price level of commodities.

2. The other principle and the one which is advocated by the amended bill is that silver is an indirect factor in the situation. Its effect is very important, but it is an indirect effect. The direct matter for our study and concern is the value of gold and how silver affects gold.

Many of the committee are in the position of opposing the committee bill. This procedure had to be adopted for the purpose of getting the matter before the House. The committee bill was reported out by a majority vote of the committee, but they did not thereby intend to be on record as recommending the bill. The amended bill reflects two principal points of objection to the first bill:

1. Merely increasing the price of silver is not adequate. If passed, it will require another law or amendment within 12 months. Silver value must not be merely increased or changed, it must be controlled or placed on a sound basis and protected from efforts to manipulate its value.

2. Our attention must be focused not on silver values, but on gold values. We should use silver to control the value of gold. It is a question of defending the gold market and not directly defending the silver market. Our values are all expressed in gold, not silver. Gold is the standard we must defend. Silver is the instrument of defense.

The principle advocated in this amended bill is, then, that we must put silver to a definite use as a part of our monetary reserves so as to preserve gold as a standard and protect it from those movements and shifting of values that destroy our business activities.

The principle put into action here is to break the corner on gold rather than a mere purchase act for silver. This gives the United States a positive plan. It puts the United States actually in control of the value of its property. We buy silver when we need to buy it and whenever it is sold to destroy our gold standard. Then after we have bought it we have a place to use it in our reserves. We do not buy it as the Farm Board bought wheat.

When there is a corner on gold we can put other values in our reserves to compete with gold. We thus preserve gold as a standard when we protect it from the threat of excess demand. We do not monetize silver, we only monetize our reserves. No monetary qualities are given to any silver except that which is placed in our reserves and the value of this is measured in terms of gold and so preserves our present gold standard as our single standard of measure.

But this use of silver is a definite use and it is a monetary use. It is a very different use from putting silver in the Treasury as a collateral convertible into money by its sale on the market as the Bank of India has lately done with such disastrous consequences.

RECAPITULATION

The amended bill provides an American plan for economic defense. What it accomplishes can be stated in very few words. "We preserve, by a definite plan, the honest dependable measuring qualities of gold as a standard unit of value."

We have adopted the gold dollar as a yardstick of value, we now must defend it from manipulation. Our committee has discovered that the value of gold is upset not so much by variations in the production or supply of gold. (The so-called "quantity" theory of money is not our point.) The defect of gold follows rather from variations in the demand for gold. We must not leave the demand element for gold to shift for itself or remain subject to the undisputed management of other nations.

The amended bill has as its object to correct the dislocation of our gold value unit and it does this not by a haphazard movement, but by controlled movement. Its object is to entirely free gold from the influence of the manipulations that have caused it to become a false standard, and after correcting the dislocation of gold values it proceeds to keep gold in normal position by defending it from manipulations.

The amended bill recognizes that silver had been used as a club to boost gold. Silver has been an instrument or means of unsettling gold and this is indirectly responsible for the present tragedy of "inflated gold", not directly responsible. It is contended by the proponents of this report that the direct connection between silver and commodities has not been indubitably established by the evidence. But the indirect bearing has been clearly established. The value of gold, which in our view, bears a direct relation to commodity price levels, is manipulated through the marketing of silver and indirectly reacting on gold by increasing the demand for gold. In other words, the amended bill uses silver as an agency to restore gold as a standard just as silver was used to destroy gold as a standard.

We exactly reverse the process that was actually used to bring about this depression. We reverse the process and keep the degree, to which we apply the process, under control. This bill puts the United States at last in control of the manipulations of the metal markets of gold and silver under a plan provided in this bill, which works to and maintains normal price levels. This bill counteracts manipulations whenever set in motion and it holds gold in terms of property or property values in terms of gold at the normal value of commodities as covering an averaging period of years.

This bill does not override natural law. It works in conformity to natural law. It does not legislate values; it legislates a new and definite siver use that becomes a demand factor and it leaves supply and demand free, under this use, to determine the price. This is in reality an American plan which puts the United States Government, for the first time in its history, in control of its economic welfare. The American Government under the amended bill takes a dominant position in the silver market. It does not merely accept silver as presented to it within the control and power of others.

No gold is required to be kept in reserve against the certificates herein provided for, as full value in silver is back of the certificates. Under the bill reported out by the committee, which in general principle follows the old Sherman law, a gold reserve is required as gold in the money of ultimate redemption back of these silver dollars. Also the provisions which call for rejecting certain lots of silver would defeat the very purpose of the plan, and under this bill silver in the vaults of the Treasury is not reserve but merely collateral.

Herewith is attached a copy of the amended bill.

WILLIAM L. FIESINGER,
Representing those of the committee favoring this report.

Mr. PITTMAN. Mr. President, I desire to address myself for a few minutes to the pending amendment. I have spoken on the bill twice, and I think that is sufficient. I cannot refrain, however, from commenting on the article by Sir Arthur Salter. Sir Arthur Salter is a recognized economist of the same school as the senior Senator from Ohio [Mr. FESS]. I mean by that that he sees nothing whatever in silver; but I should rather take his views as to conditions in China and opinions in China than those of the special writer of the Brookings Institution who was quoted so fully from by the Senator from Ohio.

I may say that that book came out quite a while ago, and even now is hardly read because it is so out of date. But Sir Arthur Salter states that the Chinese manufacturers do not look with favor or patience upon our efforts to raise the price of silver. He is entirely right in that statement, the reasons for which he gives. One reason is that it raises their costs of production and makes it more difficult for them to pay tariffs of foreign countries and then to compete in those foreign countries. Because of the tremendous difference in the value between their silver money and our silver money, though the two have about the same silver content, they can pay practically any tariff we have imposed and yet undersell us. It is such a simple transaction. We will assume that they can make 100 yards of cotton piece goods for a Chinese silver dollar. They come over here and sell it in this country for $2 American money; in other words, at 2 cents a yard. They could even pay a dollar tariff on it, have one American dollar left, go back to China, and buy three Chinese dollars, with which they could make 300 yards of piece goods to be exported and sold here. That is the way the transaction is handled. That is what is called "exchange."

What would happen when the price of silver were raised? If we raised the price of silver by a certain amount, they could go back and buy only two Chinese silver dollars. If we raised it to $1.29, they could go back to China and buy only one Chinese silver dollar. That is a simple illustration of what takes place everywhere. So, how anyone can conceive that the price of silver has nothing to do with the commercial transactions between the United States and China is beyond my comprehension, and certainly beyond the comprehension of Sir Arthur Salter. There can be no question about that. With the rise in silver, the very thing that makes it difficult for them to export in competition with our manufacturers makes it hard for them to buy here.

Of course, it hurts the Chinese manufacturers, but they have had a boom there for 3 or 4 years, while in our country we have had distress.

The very object of this bill, of course, is primarily to put back into our monetary system the amount of silver that we normally had there, and to restore its normal price. There is no question on earth that when this Government shall be directed and mandated to buy 1,300,000,000 ounces, such action must raise the price of silver, and in raising the price of silver in the readjustment of our currency it is going to tend to stop dumping from Japan and the Orient and every other country that pays its labor in silver. I do not want to go into that subject any further.

Now, as to this amendment. The original provision, section no. 2, was considered at five or six informal conferences of the so-called "silver group." It was considered in conference with the Treasury Department; it was considered in conference with the President of the United States; and it seemed to meet the approval of everyone there except the Senator from Oklahoma, who, I think, then maintained the same position he now maintains. The section provides:

It is hereby declared to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States should be increased, with the ultimate objective of having and maintaining one-fourth of the monetary value of such stocks in silver.

We have in the bill a definition of the word "stocks." Here is the definition of that word, if a definition be needed:

The term "stocks of gold" means the total amount of gold at the time owned by the United States, whether or not held as a reserve or as security for any outstanding currency of the United States.

That is as to gold.

The term "stocks of silver" means the total amount of silver at the time owned by the United States (whether or not held as security for outstanding currency of the United States) and of silver contained in coins of the United States at the time outstanding.

I contend that the amendment of the Senator from Oklahoma is not sufficiently broad. See how it reads:

It is hereby declared to be the policy of the United States the proportion of silver to gold—

The bill and the amendment are the same up to that point—

in the monetary metallic reserves of the United States.

Are those reserves gold? Are they gold and silver? Do the reserves include dimes, halves, and quarters? Do the reserves include only the standard silver dollars held for the redemption of silver certificates? What advantage would be obtained by using the words "metallic reserves"? When silver stocks and gold stocks are metals, it is not necessary to say that gold is a metal or silver is a metal, but when we say as we do in the original provision that the stocks of gold and silver, which means all the gold and silver owned by the United States, whether in reserves or in circulation or in specie, shall be in the proportion of 75 to 25, we have a more definite expression than provided by the Senator from Oklahoma in his amendment.

I must admit that I fail utterly to see the distinction between the monetary effect of his amendment and that of the provisions of the bill as reported. I have heard it discussed, but I cannot see it; I just do not find it; I do not grasp it; I do not gather it; I do not understand it. I feel that it is not as definite a description of what we want as is contained in the bill, because we describe the words "stocks of silver" as being all the silver owned by the Government, whether in specie or in reserve, and we describe gold as all the gold owned by the Government, whether in reserve circulation or where not. Then, having described what we mean by stocks of gold and silver, we simply say that the proportion between the two shall be maintained at 75 percent for gold and 25 percent for silver. That is what we had in mind. I think that clearly the provision which was agreed to at the White House is sufficient.

Mr. ADAMS. Mr. President, there are just a few words which I feel impelled to say rather to the Senator from Oklahoma than to Members of the Senate, because I have such high regard for his interest in, his industry in behalf of, and his erudition on the silver question that I feel like making an explanation to him for voting against his amendment. I think the Senator from Nevada [Mr. PITTMAN] has largely covered the objections which I have, but I trust the Senator from Oklahoma will bear with me very momentarily while I mention them.

I think, from one standpoint, that the amendment of the Senator from Oklahoma narrows the amount of silver which is to be purchased rather than enlarges it. It limits the proportion of silver to the "monetary metallic reserves", while the pending bill makes the proportion one-fourth of the "monetary stocks." "Monetary stocks" includes all the reserves and other things in addition. To illustrate, we have $2,000,000,000 of gold in this country set aside for a so-called "stabilization fund", which cannot be called a reserve. The result is when the proportion of silver is fixed according to the reserves, there is eliminated from the computation that $2,000,000,000 gold item, which will lessen the purchases of silver at least $500,000,000, which is considerably more than one-third of the purchases which will otherwise be made. So it seems to me the term "metallic reserves" is narrower than the term "monetary stocks."

However, the latter portion of the amendment of the Senator from Oklahoma is, on the other hand, broader than the provision of the bill as reported. It proposes that the computation shall be based upon value of silver and not upon monetary value. I wish that that portion of his amendment could be adopted, because that would fix the silver values in the proportion upon the cost basis, plus any change in the value, while the bill would base the proportion upon $1.29 an ounce.

Mr. KING. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. KING. Does the Senator think that statement is quite accurate, for the reason that that does not take into account the fact that silver is bound to rise, and though, perhaps, we might get, while silver is cheaper, a little more of it into the Treasury of the United States, nevertheless, with the rise in silver approaching $1.29 quickly, we would get the value contemplated by this bill more readily under the provision as it comes from the committee.

Mr. ADAMS. My view, if I may say so to the Senator from Utah, is that as between the two amendments there will be no difference, if silver reaches $1.29 an ounce right away. The difference is in the time intervening. We are all hoping that the result will be a rise in price.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Nevada?

Mr. ADAMS. I yield.

Mr. McCARRAN. Can the Senator from Colorado give any assurance that silver will reach $1.29 right away? Is there anything in this bill that insures any time limit on the purchase of silver? Is there anything in this bill that says that the Secretary of the Treasury shall purchase silver at any specific time?

Mr. ADAMS. I am very glad to give the Senator from Nevada my opinion, which is that the President of the United States and the Secretary of the Treasury may be relied upon to carry out the direction of this bill in the utmost good faith. The Senator from Nevada heard the President of the United States say in so many words he would carry it out enthusiastically. There is in the bill specific provision authorizing and directing the purchase of silver. While it does not say that it must be purchased so much this month and so much next month, I do believe that it is a mandatory provision, and the discretion is merely as to the time and the terms.

Mr. McCARRAN. Mr. President, will the Senator yield again?

Mr. ADAMS. Certainly.

Mr. McCARRAN. I do not want to interrupt the Senator unduly.

Mr. ADAMS. I do not mind being interrupted. I have merely a few comments to make, and they are fragmentary, anyway.

Mr. McCARRAN. Did the Senator in any conference—and I am asking this question directly—hear the Secretary of the Treasury say that he would carry out the policy of this bill?

Mr. ADAMS. I did.

Mr. McCARRAN. When and where? I was not present.

Mr. ADAMS. I heard him in the room of the Senator from Utah, the room of the Committee on the District of Columbia, say that he would carry it out enthusiastically, just as the President said he would do.

Mr. McCARRAN. I am very sorry that I was not present.

Mr. KING. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. KING. May I say to the Senator from Nevada that the Secretary of the Treasury indicated at the various conferences held that he was in favor of a directory and mandatory provision in the bill. He said to me upon a number of occasions, and over the telephone 2 or 3 days ago, that he was enthusiastically and earnestly for carrying out the provisions of the bill because he was for it. I had known before the meetings were held in the room to which reference has been made that the Secretary of the Treasury was in favor of legislation of this character.

Mr. McCARRAN. Mr. President, I have a very profound respect for the senior Senator from Utah [Mr. KING], but I take it that those who are in favor of the remonetization of silver would rather have the word of the Secretary of the Treasury than the word of any Senator on this floor. The first bill that was brought in by the Secretary of the Treasury was denounced even by the learned Senator from Utah, and the Senator from Idaho [Mr. BORAH] walked out of the conference.

Mr. ADAMS. Mr. President, I think it might be stated in fairness that the first draft of the bill which was presented to us merely provided that the Secretary of the Treasury was authorized to purchase silver. Objection was made; then it was agreed that the word "direct" should be put in; and when it was put in it was perfectly well understood. I know the Senator from Idaho can speak for himself, but it is not my understanding that he walked out because of particular disapproval of what was going on in the committee. However, he is his own spokesman at all times.

As to this measure and the question of the Senator from Nevada, which embraced another feature, whether or not there was any assurance as to a rise in the price of silver, let me say that, of course, no one can assure any absolute rise; but I think it is reasonably certain that, if the United States Government shall purchase 1,300,000,000 ounces of silver, it is inevitable that there will be a rise in the price of silver, because it has been stated over and over again by those who are advocating silver measures that there is not that much commercial silver available for purchase.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield further to the Senator from Nevada?

Mr. ADAMS. I yield.

Mr. McCARRAN. Apropos to the last statement of the learned Senator from Colorado—and I want to make it clear to him that my heart and my soul are in this subject—it is only a question of so writing the legislation that it will accomplish the end desired by those who believe that silver can do something for the world, and not that the world can do something for silver; and therefore I am propounding the question to the learned Senator from Colorado. Reference has been made to the former silver-purchase acts. Does the learned Senator recall that after the Bland-Allison Act the price of silver dropped; that after the Sherman Act the price of silver dropped; and that after the Pittman Act the price of silver dropped?

Mr. ADAMS. May I call the Senator's attention to the fact that there are these two differences: In the first place, the production of silver at that time was far greater in the world than it now is; and, in the next place, the purchases under the acts referred to were insignificant in amount.

We are proposing to purchase 1,300,000,000 ounces of silver, and we are proposing to do it promptly. We are proposing to continue the purchases until the monetary stock of silver shall equal one-fourth of our total reserve; until, otherwise, silver shall reach $1.29 an ounce. Such purchases in such magnitude have never been known in the history of the world.

Mr. McCARRAN. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Nevada?

Mr. ADAMS. Certainly.

Mr. McCARRAN. If I annoy the Senator at all, I hope he will tell me, and I shall desist.

Mr. ADAMS. I am very glad to be interrupted, because the Senator and I are interested in the same subject and endeavoring to attain the same results.

Mr. McCARRAN. The trouble is, if I view the situation aright, that we are not bent on purchasing 1,300,000,000 ounces of silver, because if silver should go to $1.29 tomorrow all purchases of silver would cease.

Mr. ADAMS. When silver shall reach $1.29 an ounce the dreams of the Senator from Nevada and myself will have been realized.

Mr. McCARRAN. Provided silver shall go into circulation to relieve the conditions which prevail in the business world of the United States today.

Mr. ADAMS. The Senator knows that the bill, while it is the greatest forward step in the silver movement since its demonetization, is not the ultimate aim of those of us who might be designated as the "silver group", but it will put us in a place where we may easily take the next step.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Utah?

Mr. ADAMS. I yield.

Mr. KING. The Senator will recall that one of the sections of the bill provides that for every ounce of silver purchased, no matter whether with gold or anything else, a silver certificate of the same amount shall be issued; that for every ounce of silver purchased a silver certificate must go out.

Mr. ADAMS. Yes; there may go out a silver certificate representing the value of an ounce of silver at 50 cents, and there may go out a silver certificate representing silver at $1.29 an ounce.

Mr. McCARRAN. Mr. President, will the Senator from Colorado yield so that I may ask the Senator from Utah a question?

Mr. ADAMS. Certainly.

Mr. McCARRAN. Is there anything in the bill that provides, as to silver purchased by gold certificates or bonds of the country or otherwise, that silver certificates shall be issued against such purchases?

Mr. KING. Absolutely.

Mr. McCARRAN. Will the Senator kindly read the language?

Mr. KING. The bill provides that for every ounce of silver purchased, no matter whether by bonds or by gold or by anything else, a silver certificate shall be issued.

Mr. PITTMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the senior Senator from Nevada?

Mr. ADAMS. I yield.

Mr. PITTMAN. We are dealing right now with one particular amendment. I intend at the proper time to answer some of the questions asked by the junior Senator from Nevada. We are not dealing with the amendment intended to be offered by the junior Senator from Nevada, but with the amendment now offered by the Senator from Oklahoma [Mr. THOMAS].

Mr. ADAMS. The Senator will pardon me if I invite attention to the first sentence of section 5, as follows:

> The Secretary of the Treasury is authorized and directed to issue silver certificates in such denomination as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3.

It seems to me that is a very plain and positive direction that there must be issued silver certificates at least equal to the cost of the silver.

I wish now to say just a brief word with reference to one matter which the Senator from Oklahoma [Mr. THOMAS] has frequently mentioned.

The PRESIDING OFFICER. The time of the Senator from Colorado on the amendment has expired. He has 15 minutes on the bill.

Mr. ADAMS. I will use my time on the bill.

The Senator from Oklahoma has said repeatedly, and it is firmly fixed in his mind, that the bill will not make silver primary, basic, or standard money. My judgment is that there is no difference between the provision of the bill and the amendment of the Senator from Oklahoma in that respect. I think it is a mistake to attempt to go into matters of definition. The question is, What will a silver dollar do and what will a silver certificate do, and not what is it called?

Under the bill and under the amendment of the Senator from Oklahoma a silver certificate or a silver dollar may be used as legal tender to pay any debt of any kind. It may be used by the Government of the United States in the payment of its bonds. I do not know how we could make a dollar more usable than by making it full legal tender. I care not what it may be called. The Senator puts his defintion of primary money in this form: That that is only primary money which has the same value when it is stamped as a coin and when the stamp upon the equal amount of coin is defaced. We can take a certain gold coin today and mutilate it, and while it ceases to be a coin, yet it has the same value. I understood that to be his statement. May I ask the Senator from Oklahoma if I am correct?

Mr. THOMAS of Oklahoma. If my amendment should prevail, thereafter silver certificates would be based upon the actual amount of silver in terms of gold. For instance, silver might be worth 50 cents an ounce. It would take 2 ounces of silver to be worth a dollar in gold. The silver certificate of the future would call for 2 ounces of silver when silver is 50 cents an ounce. If silver were $1 an ounce, it would take only 1 ounce of silver to represent the silver certificate. I propose to put the silver in the Treasury at its bullion, intrinsic value rather than at a fiat value, as the pending bill proposes to do.

Mr. ADAMS. My understanding of the effect of it is that the Senator's amendment will not make silver primary money. What he is proposing is to make silver certificates primary money. He is making a silver certificate of such kind that it will buy in the markets of the world in equal value, but he is keeping silver upon a commodity basis. The silver certificate today may be redeemable in 1 ounce of silver and tomorrow in 4 ounces of silver, while under the pending bill the silver certificate will be redeemable at all times in one standard silver dollar.

Instead of getting silver off the commodity basis, the Senator from Oklahoma is putting it squarely upon the commodity basis. I am afraid his amendment would have a tendency to demonetize rather than to remonetize silver, because the amendment offered by the Senator does not make silver primary money in any sense. It makes silver certificates redeemable in the commodity value of silver. The present bill makes silver certificates redeemable in definite quantities of definitely stamped silver. If the object which we hope for shall be accomplished in the rise of the price of silver, we will have standard silver dollars which will meet all the requirements of the Senator's definition of primary money.

Mr. President, I believe that covers the matter I wished to discuss. It seems to me it would be a mistake to adopt the amendment of the Senator from Oklahoma. I recognize, of course, the force of the arguments of the Senator from Oklahoma, which are based upon an amendment he would offer should his first amendment now pending be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. THOMAS], on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. WHITE (when his name was called). On this amendment I have a pair with the junior Senator from Illinois [Mr. DIETERICH]. I understand that if he were present and at liberty to vote, he would vote as I shall vote. I therefore vote "nay."

The roll call was concluded.

Mr. DICKINSON (after having voted in the negative). I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY] who is necessarily absent from the Chamber. I am advised, however, that if present he would vote as I have already voted; so I will permit my vote to stand.

Mr. PATTERSON (after having voted in the negative). I have a general pair with the junior Senator from New York [Mr. WAGNER] who is necessarily absent from the Chamber. I understand that if present he would vote in the same way that I have already voted, and I therefore will allow my vote to stand.

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a general pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Florida [Mr. TRAMMELL], and will allow my vote to stand.

I desire to announce that the Senator from California [Mr. MCADOO] is detained on account of illness.

The Senator from Idaho [Mr. POPE] is necessarily absent in attendance upon the funeral of the late Representative COFFIN.

The Senator from Kentucky [Mr. BARKLEY], the Senator from Alabama [Mr. BLACK], the Senator from Illinois [Mr. DIETERICH], the Senator from New Mexico [Mr. HATCH], the Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained.

The Senator from New York [Mr. WAGNER] is detained at the White House, but, if present, would vote "nay" on this question.

Mr. HEBERT. I announce the following general pairs:

The Senator from Michigan [Mr. VANDENBERG] with the Senator from Idaho [Mr. POPE]; and

The Senator from New Hampshire [Mr. KEYES] with the Senator from Indiana [Mr. VAN NUYS].

I also desire to announce that the Senator from Michigan [Mr. VANDENBERG] and the Senator from New Hampshire [Mr. KEYES] are necessarily absent, and that the Senator from Pennsylvania [Mr. REED] is detained from the Senate on account of illness.

The result was announced—yeas 17, nays 65, as follows:

YEAS—17

Ashurst	Frazier	McGill	Steiwer
Bone	La Follette	Norbeck	Thomas, Okla.
Caraway	Logan	Nye	
Couzens	Long	Shipstead	
Cutting	McCarran	Smith	

NAYS—65

Adams	Brown	Clark	Dill
Austin	Bulkley	Connally	Duffy
Bachman	Bulow	Coolidge	Erickson
Bailey	Byrd	Copeland	Fess
Bankhead	Byrnes	Costigan	Fletcher
Barbour	Capper	Davis	George
Borah	Carey	Dickinson	Gibson

Glass	Kean	Overton	Thomas, Utah
Goldsborough	King	Patterson	Thompson
Gore	Lonergan	Pittman	Townsend
Hale	McKellar	Reynolds	Walcott
Harrison	McNary	Robinson, Ark.	Walsh
Hastings	Metcalf	Robinson, Ind.	Wheeler
Hatfield	Murphy	Russell	White
Hayden	Neely	Schall	
Hebert	Norris	Sheppard	
Johnson	O'Mahoney	Stephens	

NOT VOTING—14

Barkley	Keyes	Reed	Van Nuys
Black	Lewis	Trammell	Wagner
Dieterich	McAdoo	Tydings	
Hatch	Pope	Vandenberg	

So the amendment of Mr. THOMAS of Oklahoma was rejected.

Mr. LONG. Mr. President, I send to the desk an amendment which I offer in lieu of section 2, and ask that it be read.

The PRESIDING OFFICER. The amendment, in the nature of a substitute, will be stated.

The CHIEF CLERK. In lieu of section 2 as printed in the bill it is proposed to insert the following:

> That bimetallism be, and the same hereby is, reestablished as the monetary system of the United States; that is to say, both gold and silver shall henceforth be admitted to free and unlimited coinage as basic, primary money of ultimate redemption, as was done from 1789 to 1873, at such fixed ratio to each other as shall from time to time be established by law; and the President is hereby authorized and directed to proceed, under the powers conferred upon him by the Agricultural Adjustment Act of 1933, to carry this act into effect: *Provided*, That the ratio of silver to gold in the dollar shall not be fixed by the President at any time at more than 70 to 1 nor less than 16 to 1; and all acts and parts of acts in conflict herewith are hereby repealed.

Mr. LONG. Mr. President, the amendment which I have sent to the desk specifically reestablishes silver as money. It declares for the same policy and system of bimetallism that existed up to 1873.

There is no practical difference between the amendment and the section as it stands in the bill, excepting that we are told by the advocates of the present bill that they are going to do exactly what the amendment provides shall be done—and I call the attention of the Senate to this fact:

There is nothing mandatory or compulsory or decisive in the present bill. If I may have the attention of the Senate, I will state what the present bill provides, because there seems to be a misapprehension on the part of so many Senators who have read the bill many more times than I have, but who certainly do not seem to catch the language which appears very decisive to my mind.

The bill says:

> The Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad, for present or future delivery with any direct obligations, coin, or currency of the United States, authorized by law, * * * upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

The fact that the Secretary is given the discretion to purchase whenever he thinks he ought to purchase, and not to purchase when he does not think he ought to purchase, and to purchase upon only such conditions as he thinks are to the public interest, is the same as though we wrote into the bill "whenever he thinks it is a good thing to do." That is what the bill means.

Mr. BORAH. Mr. President, has the amendment been printed?

Mr. LONG. The amendment has not been printed. I will have it read if the Senator was not in the Chamber at the time it was read by the clerk.

Mr. BORAH. I should prefer to see it. Has the Senator copies of it?

Mr. LONG. I will ask to have the amendment sent to the Senator from Idaho in order that he may see it.

In other words, we are now told that silver is at such a low value that it has to have a monetary standard not only lower than 16 and 28 to 1, but much lower than that. Silver is now selling at 45 cents an ounce. The old ratio was $1.29 an ounce. I have allowed a discretion in remonetizing silver of not more than 70 to 1 and of not less than 16 to 1. The only difference between the amendment I have offered and what is in the bill is that under the amendment, if it were enacted today, by law silver would become money tomorrow. Under the amendment it does not depend upon the ipse dixit of the Secretary of the Treasury. He has no discretion to keep silver from being money; but it is left within the capacity and within the power of the Secretary of the Treasury not to make the value of silver as money any more than the market of the world justifies today.

In other words, it will not be necessary to make a 45-cent ounce of silver a $1.29 ounce of silver tomorrow morning. It will only be necessary to make the silver of the present value, according to the discretion that is allowed to the Secretary of the Treasury.

The only difference made by this amendment is that silver will be money, based upon a value, the ratio of which is to be fixed by the Secretary of the Treasury, with the silver valued as it is valued at the present date, and with gold valued as it is valued at the present date. This would mean that the law would amount to something.

I do not want to take issue with my friends, but I am compelled to note what was said by the junior Senator from Nevada. Every time we have had one of these silver-purchasing measures before us silver has gone down in price.

Mr. PITTMAN. Mr. President, I hope the Senator will give us the reason for that. Probably he knows.

Mr. LONG. I could not begin to tell the Senator the reason. I suppose the Senator knows.

Mr. PITTMAN. I think I do; but I do not think what the Senator has stated is accurate. I have the figures right before me, which I will read at the proper time. There is no use guessing at the facts. We have information as to the facts here.

Mr. LONG. The Senator probably had the information as to the facts when silver went down last year. I know the day the Senator introduced this silver bill silver went down. Perhaps it has gone back up since then. Perhaps there is some other reason. The fact is that we have not made anything out of it. What is 45 cents an ounce? There is no material gain from that standpoint.

If I may proceed, whether this is exactly according to what the Senator may think or not, the fact is, none the less, that last year we expected a material increase in the price of silver and a material use of silver. What has happened? We decreased the gold content of the dollar from 100 cents down to 59 cents. What was silver bringing last year, if I may inquire of my friend, at the time we decreased the gold content of the dollar? What was the price?

Mr. PITTMAN. At what date?

Mr. LONG. In September of last year, was it not? When was it we devalued the dollar? How much was silver selling for in September of last year?

Mr. PITTMAN. Somewhere around 30 cents.

Mr. LONG. The dollar today is worth only 59 cents, so silver should have advanced two-fifths, according to the argument, because we took two-fifths off the dollar. Two-fifths of 30 would be 12 cents, to be added. So, according to that, silver has not gone up to amount to anything based upon the present demonetized price of gold. At the most, it can be contended that silver has gone up from 1 to 2 to 3 points, which is practically nothing. It will fluctuate that much in a day or a week. The point is that after considering the devalued gold dollar, which is 28 or 29 to 1, instead of 16 to 1, there has been no appreciable increase in the price of silver.

As the junior Senator from Nevada said a moment ago, I am not concerned about helping silver; I am concerned about getting money to the people of this country who need it. My people do not produce any silver. I own no silver. My State is not a silver-producing State. But if we are to have a silver law, I appeal to my conservative brethren, who believe in truthfulness and explicit action by statute, to have it provided in the law that silver is to be money, and that its ratio with gold is to be fixed in accordance with what the value of silver is as compared with the value of gold, allowing bimetallism to work it up to what is the standard price. When it gets to $1.2929 we will reach the ideal point.

I hope that the amendment may be agreed to. It means that we are not undertaking to impose upon the Treasury the duty of buying at $1.29 silver that is worth 49 cents. The proposal merely is to give silver the status of money, and allow the discretion to remain in the Secretary of the Treasury.

I do not care to consume all of my time. If I may have a yea-and-nay vote on this amendment, I will have nothing further to say. I ask for a year-and-nay vote on the amendment.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Louisiana [Mr. LONG], on which the yeas and nays are demanded.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HEBERT (when his name was called). On this vote I have a pair with the Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote if present, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). Announcing my pair and its transfer as on the last vote, I vote "nay."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. I am informed that that Senator would vote as I desire to vote, and, therefore, I am at liberty to vote. I vote "nay."

Mr. WHITE (when his name was called). On this amendment I have a pair with the junior Senator from Illinois [Mr. DIETERICH]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. DICKINSON. On this vote I have a pair with the senior Senator from Kentucky [Mr. BARKLEY], who is necessarily absent from the Chamber. Not knowing how he would vote if present, I withhold my vote.

Mr. HEBERT. I announce the following general pairs on this question: The Senator from Michigan [Mr. VANDENBERG] with the Senator from Idaho [Mr. POPE], the Senator from New Hampshire [Mr. KEYES] with the Senator from Indiana [Mr. VAN NUYS], and the Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS].

I desire to announce that the Senator from Michigan [Mr. VANDENBERG], the Senator from Rhode Island [Mr. METCALF], the Senator from Oregon [Mr. STEIWER], and the Senator from New Hampshire [Mr. KEYES] are necessarily absent.

I also desire to announce that the Senator from Pennsylvania [Mr. REED] is detained from the Senate on account of illness.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Kentucky [Mr. BARKLEY], the Senator from Alabama [Mr. BLACK], the Senator from South Dakota [Mr. BULOW], the Senator from Illinois [Mr. DIETERICH], the Senator from Virginia [Mr. GLASS], the Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained from the Senate.

I also wish to announce that the Senator from California [Mr. McADOO] is detained by illness.

I announce also that the Senator from Idaho [Mr. POPE] is absent, attending the funeral of the late Representative COFFIN, of Idaho.

I am also requested to announce that the Senator from South Dakota [Mr. BULOW] is specially paired on this question with the Senator from Oregon [Mr. STEIWER]. I am not advised as to how either Senator would vote if present.

The result was announced—yeas 18, nays 59, as follows:

YEAS—18

Adams	Costigan	Long	Shipstead
Ashurst	Cutting	McGill	Thomas, Okla.
Bone	Erickson	Norbeck	Wheeler
Borah	Frazier	Nye	
Caraway	La Follette	Overton	

NAYS—59

Austin	Couzens	Hayden	Reynolds
Bachman	Davis	Johnson	Robinson, Ark.
Bailey	Dill	Kean	Robinson, Ind.
Bankhead	Duffy	King	Russell
Barbour	Fess	Logan	Schall
Brown	Fletcher	Lonergan	Sheppard
Bulkley	George	McCarran	Smith
Byrd	Gibson	McKellar	Stephens
Byrnes	Goldsborough	McNary	Thomas, Utah
Capper	Gore	Murphy	Thompson
Carey	Hale	Neely	Townsend
Clark	Harrison	Norris	Wagner
Connally	Hastings	O'Mahoney	Walcott
Coolidge	Hatch	Patterson	Walsh
Copeland	Hatfield	Pittman	

NOT VOTING—19

Barkley	Glass	Metcalf	Tydings
Black	Hebert	Pope	Vandenberg
Bulow	Keyes	Reed	Van Nuys
Dickinson	Lewis	Steiwer	White
Dieterich	McAdoo	Trammell	

So Mr. LONG's amendment was rejected.

EXTENSION OF TEMPORARY PLAN FOR DEPOSIT INSURANCE—CONFERENCE REPORT

Mr. FLETCHER submitted a report, which was ordered to lie on the table.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the joint resolution (S.J.Res. 121) authorizing the President to return the mace of the Parliament of Upper Canada to the Canadian Government.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 4337. An act to amend the Judicial Code by adding a new section to be numbered 274D;

H.R. 8781. An act to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and to amend the Federal Aid Road Act, approved July 11, 1916, as amended and supplemented, and for other purposes; and

H.R. 9184. An act to authorize the Commissioners of the District of Columbia to sell the old Tenley School to the duly authorized representative of St. Ann's Church of the District of Columbia.

MONETARY USE AND PURCHASE OF SILVER

The Senate resumed the consideration of the bill (H.R. 9745) to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes.

Mr. PITTMAN. Mr. President, I wish to offer an amendment which was submitted by the Treasury Department to correct language in section 8. I send the amendment to the desk and ask to have it read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. It is proposed, on page 7, at the end of line 3, to insert the following:

The Commissioner shall abate or refund, in accordance with regulations issued hereunder, such portion of any tax hereunder as he finds to be attributable to profits (1) realized in the course of the transferor's regular business of furnishing silver bullion for industrial, professional, or artistic use and (a) not resulting from a change in the market price of silver bullion, or (b) offset by contemporaneous losses incurred in transactions in interest in silver bullion determined, in accordance with such regulations, to have been specifically related hedging transactions; or (2) offset by contemporaneous losses attributable to changes in the market price of silver bullion and incurred in transactions in silver foreign exchange determined, in accordance with such regulations, to have been hedged specifically by the interest in silver bullion transferred.

Mr. PITTMAN. Mr. President, I desire to explain the amendment briefly. The question arose as to whether or not under the section indicated the tax applied in a case where a processor bought bullion and between the time, for instance, of the purchase and delivery of the bullion to the processor for refinement the price had changed and he had attempted to protect himself by selling exactly the same number of ounces he had bought. The question was whether such a transaction would come within the taxing provisions.

It was not the intention, as I understand, of the Treasury Department in preparing this tax proposal to have it apply to anything except actual speculations in the buying and selling of bullion.

For instance, a producer sells silver en route to a smelter. It is paid for the day it is received at the smelter, although the silver is sold in the rock. The silver then has to go through the process of smelting and refining. After the bullion comes out of the ore it is impure. It has to go through the refinery.

It will probably be 6 weeks to 2 months before the buyer of the silver ore has it in bullion. In the meantime the price may drop 10 cents an ounce below what he paid for it, and, as he is not speculating in silver, he offsets that transaction by selling exactly the same number of ounces of silver that he buys, and then, if silver goes up or down, he is not affected by the transaction. The object of the amendment is to effect such cases as I have described.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. JOHNSON. Has this amendment been referred to the committee at all?

Mr. PITTMAN. No; it has not.

Mr. JOHNSON. The other day there was a rule invoked when an amendment was presented, and it was contended it ought not to be considered at all because it had not been passed upon by any committee. I have not read the amendment; I am quite unable to follow the explanation.

Mr. PITTMAN. I tried to be brief with it. Here is the statement of the Treasury Department, which I think means exactly what I said, that those who are engaged in the processing of silver, from the time it is in the rough state until it is pure silver ready to be manufactured into jewelry, have to undergo a period of time when there is a fluctuation in the price of silver, and not being engaged in speculation and desirous of protecting themselves they do what is called "hedging"; they sell at the same time they buy.

Mr. WALCOTT. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WALCOTT. Two large concerns, the International Silver Corporation of Meriden, and one other in Connecticut, are very much interested in this tax. They are very large buyers of commercial silver for manufacturing of various articles. I wonder if this bill would except them from paying the tax? Assuming that they are not merely speculating in silver but that they are buying for manufacturing purposes, and the price of silver advances, they would probably sell that manufactured article at a higher price than they would have done if silver had not advanced; but is there any computed profit in that case that would be taxable at 50 percent?

Mr. PITTMAN. The tax applies solely to bullion and solely to a profit on the sale of bullion; not the sale of silver in any processed form.

Mr. WALCOTT. I thank the Senator.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. McCARRAN. In the first place, I think that the amendment of my colleague should be printed. I now call up and ask to have read the amendment I have heretofore offered.

The PRESIDING OFFICER. The pending amendment is the amendment offered by the senior Senator from Nevada [Mr. PITTMAN].

Mr. McCARRAN. I ask that my amendment be read at this time by the clerk.

The PRESIDING OFFICER. The clerk will read the amendment offered by the junior Senator from Nevada [Mr. McCARRAN].

The CHIEF CLERK. It is proposed on page 2, line 13, after the word "ounce", to insert a colon and the following:

And provided further, That in the event that silver certificates are not used originally or directly in payment for any silver purchased or acquired, then immediately after purchasing or acquiring any silver at home or abroad silver certificates shall be issued to the full amount as provided in this act, and such certificates shall be placed in actual circulation through the payment of governmental obligations.

Mr. McCARRAN. I now ask my colleague, who is in charge of this bill, if he will accept my amendment.

Mr. PITTMAN. I do not feel at liberty to accept it. May I ask a question? There is pending the amendment which I offered preceding this amendment.

The PRESIDING OFFICER. The pending amendment is the amendment offered by the senior Senator from Nevada [Mr. PITTMAN]. Does the junior Senator from Nevada [Mr. McCARRAN] desire to be heard on that amendment, or does he desire to offer his amendment.

Mr. McCARRAN. I do not understand that the last amendment, which is not printed, is offered now by my colleague.

The PRESIDING OFFICER. The Chair so understood, and so ruled.

Mr. PITTMAN. If my colleague wants a vote on his amendment first, I will ask unanimous consent that I may temporarily withdraw my own amendment, and allow my colleague to present his amendment at this time.

Mr. McCARRAN. It was my understanding that that should be done.

Mr. PITTMAN. I ask unanimous consent temporarily to withdraw my amendment which I just offered.

The PRESIDING OFFICER. Is there objection? The Chair hears none. The senior Senator from Nevada temporarily withdraws his amendment.

Mr. McCARRAN. Mr. President, there are those in this Chamber who believe honestly and sincerely that not only from the standpoint of their birthright but from the standpoint of a national advantage there should be a remonetization of silver. There are those who do not believe in the remonetization of silver. It is not a question, Mr. President, of what we can do for silver. That would mean doing something for two or three millions of toilers with their families. That might be swept aside as merely a local matter. What we are interested in here is, What can silver do for humanity at an hour and a time when humanity needs something to be accomplished? If we are right in one, we are right in the other.

The fact that I may come from a State which produces silver and that I might be denominated as one naturally inclined to enhance an industry within my State is not a thing that is national. It is a thing that is local. But what I am interested in is something that will accomplish results for the Nation to which you and I belong—a broader aspect and a more far-reaching atmosphere.

What are we dealing with here? A commodity? A something that may be bought and sold today on the stock market, kicked up and down on the board, bought right and left, sold short and long? I hope that is not true, because as long as that principle prevails then so long will we have destroyed something that belongs to the lowly and the humble; the masses of the people of this country.

Mr. President, from time almost beyond the writing of mankind to the present hour there have been two things which were recognized as basic by which the obligations of one man might be liquidated with another—a money of ultimate settlement. I do not care whether it came out of the sacred writings or whether it came by historic precedent, it had its place in the world and it has its place now. The one was gold and the other was silver. From time immemorial until the present silver has been the coin of the lowly, the money of the masses, the money of the poor.

What is the condition today? Have the poor of this country money with which to deal with their fellow men? If they had, we would not be detained here at this hour. It is because within the last year and a half the circulating medium of the country has been reduced $9.60 per capita—$9.60 for every man, woman, and child in the United States. Statistics bear out and prove that statement. It is not because we want to do something that will give more employment to the miner—though that may be uppermost in our hearts—we want to do something for the masses of the country, to bring them back so they may deal with their fellow men. When we have done that, we can adjourn the Congress, and national recovery will be a success without further action.

What does the bill propose, and what does my amendment propose? First of all, just a few moments ago, by way of inquiry put to the learned Senator from Colorado [Mr. ADAMS] at a time when he was arguing against the amendment of the able Senator from Oklahoma [Mr. THOMAS], I asked him if it were true that silver certificates would be placed in circulation by the bill. The learned Senator made what I consider to be an indefinite answer.

If we buy all the silver in the world and put all the silver in the world in the Treasury of the United States, will we have enhanced the wealth of the man on the street? What is the object of legislation of this kind? Is it merely to put more metal away some place—metal that men declare to be money of ultimate redemption—or is it to put into circulation something with which the man who toils in the ditch today may pay the butcher, the baker, and the candlestick maker? The latter is my object, and I believe the latter is the object of every Member of this body.

It is not a question of how much gold we have stored away today—we have a corner on the gold of the world. We are the wealthiest nation in the world. We are a creditor nation. Yet there are millions upon millions starving, or, if they are not starving, it is because we are turning out of the Treasury of the country the money of the taxpayers to keep them off of starvation lists.

It is only a question of whether we shall make silver something with which men may deal with men and settle and liquidate their obligations. Shall it be a money of ultimate redemption, or shall it be a commodity? If it is only a commodity, then why not say that every grain of wheat in some granary has a monetary value? If it is only a commodity, why not deal with it accordingly? But if it is actually a money of ultimate redemption, let us hold it as such and, holding it as such, let us put it into circulation.

The learned senior Senator from Utah [Mr. KING] surprised me a few moments ago. He was in every meeting of the group of Senators who met, from the time we first came here in special session until this hour. He knows what the attitude of that group was. I was a little sorry at his tone in reply to me when I said that the Secretary of the Treasury had at no time evinced an attitude favorable to the remonetization of silver. I make that statement now, after repeated meetings with the Secretary of the Treasury. I am sorry to have to make it. I do not believe the Secretary of the Treasury has any more use for silver as a money of ultimate redemption than the devil has for holy water, and that is not very much.

I do have faith, however, in the President of the United States. When he said to that group of Senators who assembled there in meeting that day that he, the President, proposed to go about this movement energetically and purposefully—proposed to buy silver and make it a circulating medium—I had faith in the Executive. Hence I have offered the amendment in good faith, not for the purpose of defeating the bill, because I propose to support the bill. My whole life, my whole being, is wrapped up in something that will bring to the men in the lowly walks of life the things that will give them an opportunity to deal with their fellow men. From my earliest life until the present time I have believed, and I now believe, in the remonetization of silver.

This measure now under consideration does not go so far as to remonetize silver. I wish it did. If this bill is a step in the right direction, it will have that effect if it will bring back the money of the lowly to the lowly—then, although I know it is not all that I want, I will vote for the measure.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired. The Senator has 15 minutes on the bill.

Mr. McCARRAN. I will take my time on the pending amendment of the senior Senator from Nevada [Mr. PITTMAN].

The PRESIDING OFFICER. The amendment of the senior Senator from Nevada has been withdrawn. It is not the pending amendment. The question is on the amendment offered by the junior Senator from Nevada.

Mr. McCARRAN. There is another amendment pending. Am I not right?

The PRESIDING OFFICER. The Senator may proceed for 15 minutes on the bill, but there can be but one pending amendment.

Mr. McCARRAN. Then I will take my time on the bill itself.

The PRESIDING OFFICER. The Senator has 15 minutes on the bill.

Mr. McCARRAN. Mr. President, were I less zealous in this matter, perhaps I might be less wrapped up in it.

I regret exceedingly that my colleague [Mr. PITTMAN] finds nothing in my amendment that he can adopt. It is indeed unfortunate; but the people of this country will find something in my amendment that they will adopt, and that is that they want, namely, a money circulating in this country and not a money tied up in the strong boxes of this country. I want a money that will circulate from John Smith to Bill Jones and pay the balance found to exist between them. We may call it the Mexican dollar, if we desire, or the mill dollar, if we desire, as it was called in former legislation, or we may call it a silver certificate. Whatever it may be, let it be a circulating medium that will pass from one man to another and thus meet the condition.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. McCARRAN. I yield to the Senator.

Mr. NORRIS. I wish the Senator would explain the operation of this amendment. I have not seen it. We have only heard it read. I think it has not been printed.

Mr. McCARRAN. Yes; it has been printed.

Mr. NORRIS. Will the Senator explain, then, what would happen under his amendment?

Mr. McCARRAN. The bill provides that the Secretary of the Treasury may issue silver certificates. It does not provide that he shall issue silver certificates.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. WHEELER. Let me say to the Senator that in talking with Mr. Oliphant, who is one of the attorneys for the Treasury Department, he stated that he had looked up the question and that the term "issue", as used in this bill, meant to circulate the certificates. He stated that that would be his interpretation if he should be called upon to interpret the law, and that that is exactly what they intended to do, and that is what they would do.

Let me frankly say to the Senator, however, that it does not seem to me that the amendment offered by him could possibly do any harm, and, as a matter of fact, it would take away all doubt from the matter; and I am at a loss to understand why the Treasury Department should want to keep the amendment out of the bill. They say that the word "issue" means not only to issue the money but to put it into circulation. If that be true, then there can be no reason, it seems to me, why they should not be willing to accept an amendment which would require exactly what they say they are going to do.

Mr. McCARRAN. That is exactly what I want the bill to say.

I was very much impressed with some questions propounded by the learned Senator from Nebraska [Mr. NORRIS] in the very early consideration of this bill. They were addressed, as I recall, to section 1 or section 2 of the bill; and in his questions he said, "Well, why do you not say so? Why use so much language?" That is exactly what I want to do now—say just what we mean.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield. I hope I did not misquote the Senator.

Mr. NORRIS. No; the Senator has not misquoted me, and I have had some doubt about the very provision which I think this bill undertakes to clarify. Like the Senator, I do not want to insert anything in this bill that will bring about its ultimate defeat; but as I understand now, since I have read it, the Senator's amendment does clarify and is really an answer to the questions that I propounded, as the Senator says.

Mr. McCARRAN. That was my intention.

Mr. NORRIS. I do not see anything else in it. It seems to me the amendment is unobjectionable for that reason.

In other words, the object of the Senator's amendment, as I now see it, is that it would be certain, were any silver purchased, that the silver should somewhere bring about the issuance of silver certificates to the full amount of the silver involved; and that, as I understand, is one of the objects of this bill.

Mr. McCARRAN. That is exactly the object of this amendment; and, as I take it from statements and word from the White House, that was the purpose and intent, and they said they would go about it zealously.

I submit the amendment to the Senate.

Mr. PITTMAN. Mr. President, I do not think there is any disagreement whatever between the junior Senator from Nevada [Mr. McCARRAN] and myself with regard to this matter.

As a matter of fact, at the last informal meeting of this informal committee with the Secretary of the Treasury and others on the 16th day of last month, when the Secretary announced to us that he desired further liberty in utilizing gold or gold notes or any other form of credit in buying silver, and that he did not wish to be bound solely by the use of silver certificates in the purchase of silver as we had provided in the informal draft, at that time, sitting there, I drafted this language and read it at the meeting; and I read it now to show the junior Senator from Nevada that I am in entire accord with him:

> But the Secretary of the Treasury may purchase silver with gold or any other currency or credit of the United States; but if purchases are made with any other specie, currency, gold, or credit other than silver certificates, then the Secretary of the Treasury shall issue silver certificates against such silver so purchased at the rate of $1 a certificate for each 371.25 grains of silver so purchased. Such silver certificates shall be paid out by the Treasury Department in the ordinary course of business to meet any expenses, liabilities of, or demands upon the Government. Such silver certificates and all other silver heretofore or hereafter issued shall be full legal tender for all debts, both public and private, and such legal-tender character shall be maintained.

I insisted on that, and that was written at the table there and was agreed to by all this informal committee; yet, as I say, the counsel for the Treasury Department wrote this letter, which I accepted:

> DEAR SENATOR PITTMAN: Section 5 of the silver bill directs the Secretary of the Treasury to issue silver certificates to an amount not less than the cost of the silver purchased under section 3. The legal effect under existing law of the words "to issue" silver certificates is that they must be not merely printed but also put into circulation.
>
> Very truly yours,
>
> HERMAN OLIPHANT,
> *General Counsel to the Secretary.*

I asked for a legal opinion from him upon that subject. I hold here a legal opinion prepared by the general counsel for the Treasury Department in which he cites numerous decisions of our Federal courts, and refers to numerous acts in which the word "issue" is used and interpreted and construed, and finally winds up by saying:

> The word "issue" has always been interpreted administratively as meaning to put in circulation in all Treasury operations.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. PITTMAN. I yield.

Mr. WHEELER. I think the Treasury is undoubtedly right about that, but I do not see any reason why there should be any doubt. Many of us who have been interested in the silver issue have felt that we wanted to be exceedingly explicit when we were dealing with silver legislation. All this amendment does is exactly what the Treasury Department says it intends to do, and what it will do. That is all the language means.

Mr. PITTMAN. Mr. President, it seems to me that this amendment anticipated a different form of bill from that which has come from the House.

Mr. McCARRAN. No; it was drawn for this very bill.

Mr. PITTMAN. Let me read it:

> That in the event silver certificates are not used originally or directly in payment for any silver purchased or acquired, then immediately after purchasing or acquiring any silver at home or abroad, silver certificates shall be issued to the full amount as provided in this act.

That is already in the bill; but this is what is not in the bill:

> And such certificates shall be placed in actual circulation through the payment of governmental obligations.

I would have no objection to that. What I am trying to do, however, is to get through a bill that will become law. That is what I am striving for right now. I suggest that on page 3, line 5, after the numeral "3" and before the period, there be inserted the words from the Senator's amendment, "and such certificates shall be placed in actual circulation."

Mr. McCARRAN. I accept that.

Mr. NORRIS. Mr. President, if I may be permitted to interrupt the Senator, the junior Senator from Nevada says he accepts the modification of his amendment. If I understand it, he strikes out of his amendment, then, everything after the word "circulation", in line 8. Is that correct?

Mr. PITTMAN. He really adds the words I have read in another place. May I read it as it would be with the amendment added?

Mr. NORRIS. I hope the Senator will do that.

Mr. PITTMAN. Section 5 reads as follows:

> SEC. 5. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3.

I propose to add from the amendment of the junior Senator from Nevada the words "and such certificates shall be placed in actual circulation."

Mr. FESS. How would it be done?

Mr. PITTMAN. When any money is issued, it goes into the general fund of the Treasury, or into the special fund for distribution, and warrants drawn against it are paid out.

Mr. FESS. When it goes into the general Treasury it is in circulation.

Mr. PITTMAN. Yes; because it is paid out on warrant. I would prefer to say "in actual circulation" than to try to prescribe how it should be done.

Mr. GORE. Mr. President, I should like to observe that the provision would be a vain thing, so far as requiring the Secretary of the Treasury to place the certificates in actual circulation is concerned, unless we require him to keep them in actual circulation, and that is beyond the power even of Congress.

The PRESIDING OFFICER. Does the junior Senator from Nevada modify his amendment?

Mr. McCARRAN. I do.

Mr. NORRIS. Mr. President, I should like to know what the modification is.

The PRESIDING OFFICER. The clerk will state the amendment as modified.

The LEGISLATIVE CLERK. On page 3, line 5, after the numeral "3", it is proposed to add the words "and such certificates shall be placed in actual circulation."

Mr. NORRIS. Is that offered instead of the amendment heretofore offered by the junior Senator from Nevada?

Mr. PITTMAN. I suggested that we add that part of the amendment of my colleague to come in on line 5, at the end of the sentence.

Mr. NORRIS. If I may be recognized in my own time on this question, I will not take up the time of the senior Senator from Nevada, if he is through.

Mr. PITTMAN. I have finished.

Mr. NORRIS. Mr. President, the only question in my mind is as to whether this would accomplish the result expected. I myself think it is very desirable, when silver shall be purchased with money, let us say, now in existence and now in the Treasury, that silver certificates be issued for the silver that is purchased. Otherwise we would not expand the currency in any degree whatever.

Mr. PITTMAN. That is provided in the bill.

Mr. NORRIS. There seems to be some doubt about that.

Mr. PITTMAN. No; the doubt is as to whether, if it is issued, "issued" means circulating. That is the doubt.

Mr. NORRIS. I was about to suggest to the junior Senator from Nevada that he strike out the words "through the payment of governmental obligations", because there might be some other way. The way he suggests would be the best method, possibly, but, if there were any other way just as good, it might be excluded if we left this language in. That is the reason why, personally, I should like to take it out.

Mr. McCARRAN. Mr. President, would the senior Senator from Nevada accept the amendment with the words "through the payment of governmental obligations" stricken out? It seems to me we are wasting much time over the use of words. We know what we are driving at, we know what we want, and it seems to me that the language of my amendment would accomplish exactly what we want. I would accept the suggestion of the learned Senator from Nebraska, because that would direct a specific avenue when there might be other avenues through which the same result might be accomplished.

Mr. PITTMAN. Then I understand the junior Senator from Nevada to offer an amendment, on line 5, page 3, after the numeral "3" and before the period, to add the words "and such certificates shall be actually circulated."

Mr. McCARRAN. I should prefer to stand on my amendment up to the point where I have suggested striking out.

Mr. PITTMAN. Mr. President, that would merely be repeating what is already said in the bill.

Mr. McCARRAN. If so, it could not do any harm.

Mr. PITTMAN. I object to having language in the bill that would be absurd. Let me read it again, if I have the time. This is what the bill provides:

SEC. 5. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3.

The amendment of the junior Senator from Nevada provides:

That in the event silver certificates are not used originally or directly in payment for any silver purchased or acquired, then immediately after purchasing or acquiring any silver at home or abroad silver certificates shall be issued to the full amount as provided in this act.

If we turn to the clause providing for the purchase of silver we find just exactly that provision.

Mr. McCARRAN. On what page?

Mr. PITTMAN. Page 2:

The Secretary of the Treasury is authorized and directed to purchase silver, at home or abroad—

The language to which the Senator from Nebraska objected the other day—

for present or future delivery, with any direct obligations, coin, or currency of the United States authorized by law or with any funds in the Treasury not otherwise appropriated, at such rates, at such times, and upon such terms and conditions as he may deem reasonable and most advantageous to the public interest.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. PITTMAN. I yield.

Mr. NORRIS. As I read that language, it does not provide that when the Secretary shall have purchased silver with other obligations of the Government or with any money in the Treasury he shall actually issue silver certificates for the silver he may have purchased.

Mr. PITTMAN. Listen as I read, and see whether it does.

Mr. NORRIS. That is the point about which I wanted to be sure.

Mr. PITTMAN. That is one paragraph in which he is authorized to buy silver and issue silver certificates. If he buys it with silver certificates, that is settled.

Mr. NORRIS. That is settled.

Mr. PITTMAN. If he does not buy it with silver certificates, here is what is provided:

SEC. 5. The Secretary of the Treasury is authorized and directed to issue silver certificates in such denominations as he may from time to time prescribe in a face amount not less than the cost of all silver purchased under the authority of section 3.

There is the direct authority.

Mr. NORRIS. I asked the other day as to the phrase "in the face amount." Suppose the Secretary of the Treasury purchased it at 50 cents an ounce; the amount of the silver certificate would be different from what it would be if he purchased it at $1.29 an ounce.

Mr. PITTMAN. I wish I could explain the matter to the Senator. If the Secretary of the Treasury purchases $100,000,000 worth of silver, no matter what price per ounce he pays for it, and he purchases it with gold notes, the Government is out $100,000,000, and it issues $100,000,000 worth of silver certificates with the left hand. That balances the expenditure. Then the question is not what is behind the silver but the amount he uses. There is no change whatever as to the character of the silver certificate or the amount of silver behind it in this bill.

The PRESIDING OFFICER. The question is on the amendment offered by the junior Senator from Nevada [Mr. McCARRAN], as modified.

Mr. GORE. Mr. President, I should like to ask the leader on this side of the Chamber if it is his intention to finish this bill tonight and take a vote on its final passage.

Mr. PITTMAN. I assure the Senator that that is my understanding.

Mr. GORE. Mr. President, I had wished to say just a word concerning the amendment of my colleague. The roll call began earlier than I had expected. In fact, I had intended at one time to submit some observations on the silver question in general, but I have not been able to assemble the data, and I shall therefore spare the Senate that affliction. But I do wish to say, however, that there was one point in my colleague's amendment which commended itself to me, contrasted with the bill as a whole. It was his purpose to make the silver coin, which is called a dollar, worth a dollar; it was his desire to have that coin worth a dollar in silver bullion. In other words, he would have the silver coin worth as much in bullion as in coin. I think that is indispensable in a sound system of money, where you have any sort of standard money, or money, as we sometimes hear, of ultimate redemption, whatever that means.

I do not think that anything can be a standard of value or a measure of value that does not itself possess value, any more than a measure of length can exist without its having length. Anything else is a mere fiction. A $10 gold piece is worth as much, and should be worth as much, in bullion as in coin. If it should be melted down, as in the case where a house burned down, the bullion that was left would be worth as much as the coin before it was melted down. As I see it, that is indispensable to any sort of standard of value or standard money. I cannot bring myself to favor the coinage of silver, but if we are to have silver coins, their intrinsic value as metal should equal their nominal value as money. Otherwise you have a fiat silver money which is not different in kind or character from fiat paper money.

The Senator from Louisiana [Mr. LONG] offered an amendment which undertook to declare that it was the policy of the United States to establish, or to reestablish a system of bimetallism—the so-called "double standard."

Mr. President, as I understand the term "bimetallism", or the double standard, it means the free and unlimited coinage of both gold and silver into full legal tender money at a ratio fixed by law. Now if I had had the time and opportunity I had intended to demonstrate that such a thing is an impossibility, a financial impossibility, a monetary impossibility; that the thing cannot be done, that it has been tried times without number in history, and that it never did succeed in any age or in any country, except during such limited periods as when the market value of gold and silver happened to correspond with the mint value of gold and silver. That was an accident, and not a matter of policy or design.

More than 100 years ago, in 1832, a committee of the other House reported on the subject of coining gold and silver; it reported that they had not been able to find in history where the two metals ever circulated as unlimited legal tender under free and unlimited coinage, had circulated contemporaneously, concurrently, and indiscriminately. The House committee said that they had not been able to find an instance in human history where the two metals had circulated concurrently, contemporaneously, and indiscriminately.

I say that the same thing can be said today, with as much truth as then, with the one exception: those periods when the market value and the mint value happened to correspond.

Mr. President, the value of gold varies with reference to the value of commodities. The value of silver varies with reference to the value of other commodities. The value of gold varies with reference to the value of silver and, I might say, vice versa. And the double standard undertakes to fix a constant relationship between two variables. The thing cannot be done as a matter of design or as a matter of contrivance.

From 1602 to 1773 the French Government changed the ratio between gold and silver 26 times. Why? Because the commercial ratio changed, and they were trying to make the legal ratio correspond with the commercial ratio, trying to make the mint ratio correspond with the market ratio. It could not be done.

Mr. KING. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. KING. Does not the Senator know that in the reign of Napoleon, M. Colonne, the great minister of France, in 1803 prescribed the ratio by law under the direction of Napoleon at 15½ to 1, and that that ratio unimpaired, unweakened, unchanged, continued until 1873, when the United States demonetized silver and the mints of France were opened to the free and unlimited coinage of gold and silver during that entire period?

Mr. GORE. Not Colonne—he was connected with the act of 1785—but Beranger and Gaudin. Mr. President, I know that what the Senator states is true only with this limitation, that they circulated concurrently only when the market and the mint ratio happened to correspond.

Here is what happened. From 1803, when Colonne had that law enacted by the Emperor, down to 1848, gold was at a permium over silver of from 1 to 1½, and at times as high as 2 percent, and they did not circulate together.

There were two reasons. The thing, I may say, appeared at times to work, owing to two exceptional circumstances. England was on the single gold standard at that time. Germany was on the single silver standard at that time. And when there was an excess of gold in France it flowed to England. When there was an excess of silver in France it flowed to Germany.

In addition to this, silver was leaving France and was going to the Orient. And from 1848 to 1858 France coined $600,000,000 worth of gold and lost $300,000,000 worth of silver—the silver left France and went abroad.

I repeat, the thing never had happened. The thing cannot happen. Whichever money is overvalued the people will use to pay their debts and will save, sell, or export the money which is undervalued as bullion. I quote from Horace White, a high authority, as to the effects of the act of 1803:

> Gradually the price of gold rose above the legal ratio, and that metal was exported to such an extent that Chevalier tells us that "25 years after that date (1803) the circulation consisted of silver only." Abundant proofs can be adduced showing that bimetallism did not exist in practice in France between 1830 and 1847. Mr. Giffin has published a table showing the premium on gold in Paris during every month of that period. This premium was at times as high as 2 percent. The contention of the bimetallists that the French law of 1803 kept the ratio steady at 15½ till 1873 is not supported by facts.

Take our own history. From 1792, when the Mint Act was passed and the ratio of 15 to 1 was enacted, silver was overvalued and gold was undervalued, and comparatively little gold was coined, because gold was worth more in the form of bullion than it was in the form of coin. Gold left the country.

From the acts of 1834 and 1837, when the metals were revalued and the value of the gold coin was changed, silver was then undervalued and had left the country. It was worth from 1 to 3 percent more in bullion than it was in coin. It emigrated. It went abroad. You might as well stop water from running down hill as to prevent an undervalued coin from leaving the country. It always has done so. It always will do it unless it is impounded. It defies even embargoes, penal statutes, and royal proclamations. It would not circulate; it would not stay in the country.

The junior Senator from Nevada [Mr. McCarran] has referred with some eloquence to the money of our fathers—the money with which the poor man could pay and be paid. Mr. President, on the 1st day of May 1806, Thomas Jefferson, the founder of the Democratic Party, by Executive order suspended and stopped the coinage of the silver dollar at our mint, and from 1806 to 1835 there was not a silver dollar coined in the United States—not one.

Mr. PITTMAN. Why, Mr. President?

Mr. GORE. Because there was an Executive order against it.

Mr. PITTMAN. It was because there was no silver in the United States.

Mr. GORE. Oh, there was silver, but the bulk of our metallic money was made up of foreign silver coins—Mexican coins, Spanish coins. They circulated and continued to circulate until the act of 1857, which demonetized them. They made up the bulk of our metallic circulation.

From 1792 to 1868 only 4,600,000 silver dollars were coined in the mint of the United States.

As far back as 1850 our mint coined $20,000,000 in gold, four times as much in that one year as there were silver dollars coined from 1792 to 1868. As far back as 1843 our mint coined $8,108,797.50 in gold—that much gold in a single year. Whereas during the 80 years from 1792, the year the mint was founded, down to 1873, the year that silver was demonetized, we coined only 8,108,797 silver dollars—that much in 80 years.

The acts of 1834 and 1837 undervalued silver and it would not stay in the country. Water flowed down hill. Silver flowed out of the country. Silver went out under an economic law that was stronger than acts of Congress. It went out under the Gresham law.

James I came to the throne in 1603. The third year of his reign he found that gold was undervalued and was leaving the country. He changed the mint ratio between gold and silver so that gold would remain in the country. Six years later he found that the market ratio had changed and gold was again leaving the country. Again he changed the mint ratio, but this time he undervalued silver and silver began to leave the country. In 1614 he issued a proclamation trying to stop both metals from leaving the country, a thing which had been tried in Spain and other countries for a century or more—an embargo on gold and silver.

James I multiplied—coined—proclamations in a vain effort to work a miracle—to make things that were different identical.

Mr. President, gold and silver for centuries were involved in a struggle for survival, survival of the fittest. At times it seemed that silver would survive as the fittest. At times it seemed that gold would survive as the fittest. In the long run, for reasons unnecessary to name, gold seemed to survive to win the verdict of commerce and of history.

I may say quite incidentally that 2 or 3 years ago, when silver was at its lowest, 25 cents an ounce, $6,000 worth of silver weighed a ton and $6,000 worth of gold, under the old value, weighed 25 pounds and under the new value, I believe, weighs about 15 pounds.

Mr. President, it seems to me this effort to return to silver and to make it money is the same as would be an effort to abandon the freight train and the trucks and return to the oxcart and the mule team and the stage coach. The stage coach did not surrender without a contest with the passenger train. It made a stubborn contest.

This effort to make money out of silver is the same as would be the effort to abandon the great steamships and return to the sailboat or to the galley. It may be said that the galley ought to survive. Perhaps it ought, but it did not. There is no use to argue now about what ought to have been. In far away India Gandhi is trying to reintroduce the spinning wheel and the hand loom and reestablish them amongst the people of India.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Montana?

Mr. GORE. I yield.

Mr. WHEELER. Does the Senator think the United States ought to return to the single gold standard?

Mr. GORE. Mr. President, I think it is not within the option or sole discretion of the United States. I hold no brief for the gold standard as inherently fit per se. The gold standard presupposes certain conditions which must exist before the gold standard itself can or will function. Those conditions have been destroyed, at least for the present, and the gold standard cannot and will not function. That does not prove that the gold standard is inherently ill adapted to existing times under proper conditions, if such a point can be raised. One of those conditions is the free flow of gold from country to country in response to demand. That essential condition does not now exist. I think that we ought to try—we ought to cooperate, if need be, in our effort to reestablish an international standard of value and payment of some sort. Such a standard is a condition precedent to the revival of world trade and the revival of world trade is a condition precedent to the revival of prosperity itself.

The PRESIDING OFFICER. The time of the Senator from Oklahoma on the amendment has expired. He has 15 minutes on the bill.

Mr. GORE. I shall take some of my time on the bill.

The locomotive is a pretty substantial engine in drawing weights and freight and passenger trains and freight trains, but it presupposes a track with crossties and steel rails. It would make a miserable showing to try to run it across the mountains and ravines and hills and hollows without a track. It would not work. The tractor itself is pretty well adapted to our prairie country and to other sections where there are no mountains, no ravines, no other obstruction; but the tractor will not operate across ravines and rocky ground and broken territory and new ground. It will not work there. Conditions essentially necessary for its successful operation are absent.

Conditions essential to the successful operation of the gold standard today are absent. Whether they will return, I do not know. I hold no brief for the gold standard. So far as silver is concerned, permit me to say again that it reminds me of Ghandi's efforts with reference to bringing back the spinning wheel. There is something pathetic in his efforts to resurrect the spinning wheel. The chances are he will not succeed. You cannot put the eagle back into its shell; and yet, his efforts are not far different in nature from the efforts which we witness here to raise silver from the dead and try to make a real money out of silver.

I admit that silver has every attribute of money except value. Silver has every attribute of money except value. I do not intimate that that makes any material difference. I simply allude to it incidentally.

Mr. President, there is another observation on the amendment just offered by the Senator from Nevada [Mr. McCARRAN] which I wish to make. To force the silver certificates into circulation and make them go into circulation is one thing, but I think we ought to make them stay there. There is no use to qualify our omnipotence.

In the Senate we adopted the so-called "Borah amendment" July 22, 1932, authorizing national banks to issue national-bank notes on bonds bearing more than 2 percent interest. From that day, July 22, 1932, to the middle of December 1932, $135,000,000 of additional national-bank notes were issued under that amendment and applications were then pending for $35,000,000 more. The Federal Reserve notes of the country had contracted exactly $170,000,000 in the same time. Federal Reserve notes had shrunk exactly $170,000,000, corresponding exactly to the amount of the national-bank notes which had been added to the currency, plus the amount involved in applications then pending.

We cannot force money into circulation unless trade conditions require it and demand it and call for it. The Federal Reserve banks have today excess reserves of $1,650,000,000, which would support a superstructure of credit amounting to $16,000,000,000, which I believe would satisfy not only ordinary but extraordinary demands for money and for circulation.

This business is not subject to the ipse dixit of Congress. There are stronger laws than we can enact—economic laws which control these efforts and the operation of these policies.

I do not believe this measure as drawn is feasible. I do not believe it would be desirable as drawn, even if it were feasible. If this act is to be a dead letter, then it is useless. If it is not to be a dead letter, it might be harmful. I am afraid it would be more harmful than good.

The PRESIDING OFFICER. The question is on the amendment of the junior Senator from Nevada [Mr. McCARRAN], as modified.

Mr. McCARRAN. Mr. President, I offer a modification of my amendment.

The PRESIDING OFFICER. The modification will be stated.

The CHIEF CLERK. On page 3, line 5, after the period following the figure "3", it is proposed to add:

And such certificates shall be placed in actual circulation.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Nevada [Mr. McCARRAN], as modified. [Putting the question.] The Chair is in doubt.

Mr. THOMAS of Oklahoma. I ask for the yeas and nays.

The yeas and nays were not ordered.

On a division, the amendment, as modified, was agreed to.

Mr. PITTMAN. Mr. President, I now renew the offer of the amendment which I withdrew temporarily.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 7, at the end of line 3, it is proposed to insert the following:

The Commissioner shall abate or refund, in accordance with regulations issued hereunder, such portion of any tax hereunder as he finds to be attributable to profits (1) realized in the course of the transferor's regular business of furnishing silver bullion for industrial, professional, or artistic use and (a) not resulting from a change in the market price of silver bullion, or (b) offset by contemporaneous losses incurred in transactions in interests in silver bullion determined, in accordance with such regulations, to have been specifically related hedging transactions; or (2) offset by contemporaneous losses attributable to changes in the market price of silver bullion and incurred in transactions in silver foreign exchange determined, in accordance with such regulations, to have been hedged specifically by the interest in silver bullion transferred.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. PITTMAN].

The amendment was agreed to.

Mr. PITTMAN. I offer another amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 8, line 19, it is proposed to strike out the comma and the words "and before the tax under this subdivision takes effect."

Mr. PITTMAN. I will say that that is simply a correction of the language of the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. PITTMAN].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is still open to amendment.

Mr. GORE. Mr. President, a few days ago I submitted an amendment and had it printed. I wish to offer it at this time.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 10, between lines 4 and 5, it is proposed to insert the following new section:

SEC. 8A. (a) Paragraph (2) of subsection (a) of section 350 of the Tariff Act of 1930, as amended, is amended by inserting after the words "any existing rate of duty" the following: "(except in the case of fermented liquors, spirits, and wines)."

(b) Paragraph (b) of such section is amended by inserting after the words "such an article" the following: "(except fermented liquors, spirits, and wines)."

Mr. GORE. Mr. President, I will state the purpose and object and the only effect of the amendment. It relates to the measure passed last week authorizing the President to negotiate reciprocal treaties. I apprehend that the best bargains he could make, if it should be possible for him to make any, would involve a reduction of duty on fermented liquors, distilled liquors, and wines. At present the rates on those articles are so high that a reduction of 50 percent would really have no practical effect in actual operation.

For instance, the tariff on beer today is $1 a gallon. I believe that would be $50 a barrel. On distilled spirits, 100 proof, the tariff is $5 a gallon, and is graduated up from that point according to the alcoholic content. The present tariff on still wines is $1.25 a gallon. On sparkling wines it is $6 a gallon up to 24-percent alcoholic content, from which point they take the classification of distilled spirits.

I had thought that to the Senators on the other side and to the industrial communities of the country, if these trade agreements are to be negotiated, the least harmful reductions that could be made would relate to spirits of this kind—fermented liquors, distilled spirits, wine, and the like—and that reductions could be made with respect to these articles and perhaps result in the enlargement of foreign markets for our exports.

I may say that I mentioned this matter to the President, and, as I understood it, met with his favor. He suggested that I confer with Mr. Choate on the subject, which I did, and the proposal met with his favor. I do not see how there could be any substantial objection to it. Certainly there could be none to allowing it to go to conference.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. GORE. I do.

Mr. KING. I should like to ask the Senator from Oklahoma if he considers this amendment germane to the measure under consideration.

Mr. GORE. Mr. President, I will explain—and I owe the silver Senators an apology—that I searched the calendar for a House bill which contained a provision in regard to taxation, and this is the only such bill I could find on the calendar. Otherwise, I should have offered the amendment to some other bill. So far as I know, this is the only bill now pending on the calendar which contains a taxation provision, which must of necessity originate in the House. If there is another such bill on the calendar at this time or one in immediate prospect, I will withdraw the amendment.

Mr. KING. Why does not the Senator have the bill introduced in the House and secure action there? It seems incongrous to attach a bill dealing with liquors to this important measure dealing with our monetary system.

Mr. GORE. I think it might strengthen the Senator's bill to give it a little spirits. [Laughter.]

Mr. WHEELER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHEELER. Is not this amendment subject to a point of order, in that it raises revenue, and is not subject to be added as an amendment to this bill?

The PRESIDING OFFICER. The Chair will state to the Senator that if that question should be raised it would have to be submitted to the Senate.

Mr. GORE. I will say to the Senator that section 8 of the bill is a taxation provision.

The PRESIDING OFFICER. Does the Senator from Montana raise the question?

Mr. WHEELER. I will not raise the question if it has to be submitted to the Senate. I think, however, the amendment will not strengthen the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. GORE].

The amendment was rejected.

Mr. SHIPSTEAD. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. It is proposed to add, at the proper place in the bill, the following:

"PAYMENT OF CERTIFICATES BEFORE MATURITY

"SEC. 509. (a) The Administrator of Veterans' Affairs is authorized and directed to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administration nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veteran (whether or not the loan has matured), then, on request of the veteran, the Administrator shall (1) pay or otherwise discharge such unpaid principal and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1931.

"(d) Upon payment under this section the certificate and all rights thereunder shall be canceled.

"(e) A veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate, (1) personally by the veteran, or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after the application is made and before it is filed it may be filed by any person. If the veteran dies after the application is made it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made but before the negotiation of the check in payment, payment shall be made to the estate of the veteran irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs, but before the mailing of the check in payment to the beneficiary under section 501.

"(g) Where the records of the Veterans' Administration show that an application, disclosing an intention to claim the benefits of this section, has been filed before the maturity of the certificate, and the application cannot be found, such application shall be resumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"SEC. 510. If, at the time this section takes effect, a veteran entitled to receive an adjusted-service certificate has not made application therefor he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section 509.

"SEC. 511. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section 509 shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the places of their residence."

SEC. 2. (a) Payment of the face value of adjusted-service certificates under section 509 or 510 of the World War Adjusted Compensation Act, as amended, shall be made in United States notes not bearing interest. The Secretary of the Treasury is hereby authorized and directed to issue such notes in such amount as may be required to make such payment, and of the same wording, form, size, and denominations as United States notes issued under existing law, except that the wording thereon shall conform to the provisions of this act. The Administrator of Veterans' Affairs and the Secretary of the Treasury are hereby authorized and directed jointly to prescribe rules and regulations for the delivery of such notes in payment under section 509 or 510 of the World War Adjusted Compensation Act, as amended.

(b) United States notes issued pursuant to the provisions of this act shall be lawful money of the United States and shall be maintained at a parity of value with the standard unit of value fixed by law. Such notes shall be legal tender in payment of all debts and dues, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any national banking association or Federal Reserve bank, may be counted as a part of its lawful reserve. The provisions of sections 1 and 2 of the act of March 14, 1900, as amended (U.S.C., title 31, secs. 314 and 408), and section 26 of the Federal Reserve Act, as amended (U.S.C., title 31, sec. 409), are hereby made applicable to such notes in the same manner and to the same extent as such provisions apply to United States notes.

SEC. 3. (a) Whenever the index number of the wholesale all-commodity prices rises above the index number of such prices for the years 1921 to 1929, as computed by the Bureau of Labor Statistics of the Department of Labor, notwithstanding any provisions of law to the contrary, the following methods for contracting the issues of currency in the United States shall be in force and effect, in the manner and to the extent prescribed in subsection (b) of this section:

(1) Abolishment of the circulation privilege extended to certain bonds of the United States under the provisions of section 29 of the Federal Home Loan Bank Act, and retirement of such bonds as security for circulating notes as rapidly as practicable.

(2) Termination of the issuance and reissuance of national-bank circulating notes, and the retirement of such notes from circulation as rapidly as practicable.

(3) Termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States.

(4) Termination of the issuance and reissuance of Federal Reserve notes secured only by gold or gold certificates.

(5) Termination of the issuance and reissuance of Federal Reserve notes secured by notes, drafts, bills of exchange, acceptances, or bankers' acceptances which are not issued in direct benefit of commerce, industry, or agriculture.

(b) Any such method of contracting currency issues shall be applicable when the Secretary of the Treasury finds that its application is necessary in order to maintain the index number of wholesale all-commodity prices at the approximate level of the index number of such prices for the years 1921 to 1929 and issues an order setting forth such finding. Each such order shall prescribe such rules and regulations as are necessary and appropriate to carry out the provisions of this section with respect to the method of contraction made applicable in the order. The Secretary shall make such methods applicable only in the order in which they are set forth in subsection (a) of this section, but he shall make such methods applicable as rapidly as may be necessary to carry out the purposes of this section. When any such order is issued with respect to Federal Reserve notes, the Federal Reserve Board shall take such action as may be necessary to facilitate the enforcement of the order.

SEC. 4. Section 505 (authorizing annual appropriations ending with the year 1946 for the payment of adjusted-service certificates) of the World War Adjusted Compensation Act, as amended, except the first sentence thereof, is hereby repealed. Amounts in the adjusted-service certificate fund are hereby authorized to be made available for the expenses of printing and engraving United States notes issued under this act, for paying fractional parts of a dollar which cannot be paid in United States notes issued under the provisions of this act, and for paying the principal and interest on or in respect of loans pursuant to the provisions of subsection (c) of section 509 of the World War Adjusted Compensation Act, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. SHIPSTEAD].

Mr. SHIPSTEAD. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. ROBINSON of Arkansas (when his name was called). I have a general pair with the Senator from Pennsylvania [Mr. REED]. I am informed that if that Senator were present he would vote as I intend to vote, and therefore I feel myself at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. ROBINSON of Arkansas. I wish to repeat the announcement of the absence of the junior Senator from California [Mr. MCADOO] on account of illness.

I also desire to announce the absence of the Senator from Idaho [Mr. POPE] in attendance on the funeral of the late Representative COFFIN, of Idaho.

I also announce that the senior Senator from Illinois [Mr. LEWIS], the junior Senator from Illinois [Mr. DIETERICH], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained from the Senate.

Mr. HEBERT. I wish to announce that the senior Senator from Pennsylvania [Mr. REED] is detained by illness.

I also announce that the Senator from Ohio [Mr. FESS], the Senator from New Jersey [Mr. KEAN], the Senator from California [Mr. JOHNSON], the Senator from New Hampshire [Mr. KEYES], and the Senator from Michigan [Mr. VANDENBERG] are necessarily absent.

I also desire to announce the following general pairs:

The Senator from New Hampshire [Mr. KEYES] with the Senator from Indiana [Mr. VAN NUYS];

The Senator from Ohio [Mr. FESS] with the Senator from Illinois [Mr. DIETERICH];

(As to this pair, see explanatory statement of Senator FESS in Senate proceedings of June 12, 1934, p. 11107.)

The Senator from Michigan [Mr. VANDENBERG] with the Senator from Idaho [Mr. POPE]; and

The Senator from New Jersey [Mr. KEAN] with the Senator from Maryland [Mr. TYDINGS].

Mr. CAREY (after having voted in the affirmative). I find I have a special pair with the senior Senator from California [Mr. JOHNSON] on this question. Not knowing how that Senator would vote if present, I withdraw my vote.

The result was announced—yeas 31, nays 51, as follows:

YEAS—31

Ashurst	Davis	McGill	Robinson, Ind.
Bachman	Dill	McKellar	Russell
Black	Erickson	Neely	Schall
Bone	Frazier	Norbeck	Shipstead
Bulow	Hatfield	Nye	Smith
Capper	La Follette	Overton	Thomas, Okla.
Caraway	Long	Patterson	Wheeler
Cutting	McCarran	Reynolds	

NAYS—51

Adams	Coolidge	Harrison	Pittman
Austin	Copeland	Hastings	Robinson, Ark.
Bailey	Costigan	Hatch	Sheppard
Bankhead	Couzens	Hayden	Steiwer
Barbour	Dickinson	Hebert	Stephens
Barkley	Duffy	King	Thomas, Utah
Borah	Fletcher	Logan	Thompson
Brown	George	Lonergan	Townsend
Bulkley	Gibson	McNary	Wagner
Byrd	Glass	Metcalf	Walcott
Byrnes	Goldsborough	Murphy	Walsh
Clark	Gore	Norris	White
Connally	Hale	O'Mahoney	

NOT VOTING—14

Carey	Kean	Pope	Vandenberg
Dieterich	Keyes	Reed	Van Nuys
Fess	Lewis	Trammell	
Johnson	McAdoo	Tydings	

So Mr. SHIPSTEAD's amendment was rejected.

Mr. LONG. Mr. President, I move to strike out section 8.

The VICE PRESIDENT. The clerk will state the amendment offered by the Senator from Louisiana.

The CHIEF CLERK. It is proposed to strike out section 8, as amended, as follows:

SEC. 8. Schedule A of title VIII of the Revenue Act of 1926, as amended (relating to stamp taxes), is amended by adding at the end thereof a new subdivision to read as follows:

"10. Silver, etc., sales and transfers: On all transfers of any interest in silver bullion, if the price for which such interest is or is to be transferred exceeds the total of the cost thereof and allowed expenses, 50 percent of the amount of such excess. On every such transfer there shall be made and delivered by the transferor to the transferee a memorandum to which there shall be affixed lawful stamps in value equal to the tax thereon. Every such memorandum shall show the date thereof, the names and addresses of the transferor and transferee, the interest in silver bullion to which it refers, the price for which such interest is or is to be transferred and the cost thereof and the allowed expenses. Any person liable for payment of tax under this subdivision (or anyone who acts in the matter as agent or broker for any such person) who is a party to any such transfer, or who in pursuance of any such transfer delivers any silver bullion or interest therein, without a memorandum stating truly and completely the information herein required, or who delivers any such memorandum without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding $1,000 or be imprisoned not more than 6 months, or both. Stamps affixed under this subdivision shall be canceled (in lieu of the manner provided in sec. 804) by such officers and in such manner as regulations under this subdivision shall prescribe. Such officers shall cancel such stamps only if it appears that the proper tax is being paid, and when stamps with respect to any transfer are so canceled, the transferor and not the transferee shall be liable for any additional tax found due or penalty with respect to such transfer. The Commissioner shall abate or refund, in accordance with regulations issued hereunder, such portion of any tax hereunder as he finds to be attributable to profits (1) realized in the course of the transferor's regular business of furnishing silver bullion for industrial, professional, or artistic use and (a) not resulting from a change in the market price of silver bullion, or (b) offset by contemporaneous losses incurred in transactions in interests in silver bullion determined, in accordance with such regulations, to have been specifically related hedging transactions; or (2) offset by contemporaneous losses attributable to changes in the market price of silver bullion and incurred in transactions in silver foreign exchange determined, in accordance with such regulations, to have been hedged specifically by the interest in silver bullion transferred. The provisions of this subdivision shall extend to all transfers in the United States of any interest in silver bullion, and to all such transfers outside the United States if either party thereto is a resident of the United States or is a citizen of the United States who has been a resident thereof within 3 months before the date of the transfer or if such silver bullion or interest therein is situated in the United States; and shall extend to transfers to the United States Government (the tax in such cases to be payable by the transferor), but shall not extend to transfers of silver bullion by deposit or delivery at a United States mint under proclamation by the President or in compliance with any Executive order issued pursuant to section 7 of the Silver Purchase Act of 1934. The tax under this subdivision on transfers enumerated in subdivision 4 shall be in addition to the tax under such subdivision. This subdivision shall apply (1) with respect to all transfers of any interest in silver bullion after the enactment of the Silver Purchase Act of 1934, and (2) with respect to all transfers of any interest in silver bullion on or after May 15, 1934, and prior to the enactment of the Silver Purchase Act of 1934, except that in such cases it shall be paid by the transferor in such manner and at such time as the Commissioner, with the approval of the Secretary of the Treasury, may by regulations prescribe, and the requirement of a memorandum of such transfer shall not apply.

"As used in this subdivision—

"The term 'cost' means the cost of the interest in silver bullion to the transferor, except that (a) in case of silver bullion produced from materials containing silver which has not previously entered into industrial, commercial, or monetary use, the cost to a transferor who is the producer shall be deemed to be the market price at the time of production determined in accordance with regulations issued hereunder; (b) in the case of an interest in silver bullion acquired by the transferor otherwise than for valuable consideration, the cost shall be deemed to be the cost thereof to the last previous transferor by whom it was acquired for a valuable consideration; and (c) in the case of any interest in silver bullion acquired by the transferor (after April 15, 1934) in a wash sale, the cost shall be deemed to be the cost to him of the interest transferred by him in such wash sale, but with proper adjustment, in accordance with regulations under this subdivision, when such interests are in silver bullion for delivery at different times.

"The term 'transfer' means a sale, agreement of sale, agreement to sell, memorandum of sale or delivery of, or transfer, whether made by assignment in blank or by any delivery, or by any paper or agreement or memorandum or any other evidence of transfer or sale; or means to make a transfer as so defined.

"The term 'interest in silver bullion' means any title or claim to, or interest in, any silver bullion or contract therefor.

"The term 'allowed expenses' means usual and necessary expenses actually incurred in holding, processing, or transporting the interest in silver bullion as to which an interest is transferred (including storage, insurance, and transportation charges, but not including interest, taxes, or charges in the nature of overhead), determined in accordance with regulations issued hereunder.

"The term 'memorandum' means a bill, memorandum, agreement, or other evidence of a transfer.

"The term 'wash sale' means a transaction involving the transfer of an interest in silver bullion and, within 30 days before or after such transfer, the acquisition by the same person of an interest in silver bullion. Only so much of the interest so acquired as does not exceed the interest so transferred, and only so much of the interest so transferred as does not exceed the interest so acquired, shall be deemed to be included in the wash sale.

"The term 'silver bullion' means silver which has been melted, smelted, or refined and is in such state or condition that its value depends primarily upon the silver content and not upon its form."

Mr. LONG. Mr. President, section 8 is the objectionable feature of the bill. It proposes to penalize anyone who has bought any silver in the past and who shall buy any in the future. The purpose of the bill is to raise the price of silver. This provision would tax anybody who dared to deal in silver.

I think the general sentiment of the Members of this body is almost unanimous that this section should be stricken out. I understand that some of the officials of the Treasury Department insist on its being retained, but the general sentiment in the Senate is that it ought to be stricken out. I ask for the yeas and nays on the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Louisiana on which the yeas and nays are requested.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. ROBINSON of Arkansas (when his name was called). Transferring my pair with the senior Senator from Pennsylvania [Mr. REED] to the junior Senator from Florida [Mr. TRAMMELL], I vote "nay."

Mr. WALCOTT (when his name was called). Making the same announcement as heretofore with reference to the junior Senator from California [Mr. McADOO], who would, if present, as I understand, vote "yea", I will vote. I vote "yea."

The roll call was concluded.

Mr. GLASS (after having voted in the negative). Mr. President, has the senior Senator from Ohio [Mr. FESS] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. GLASS. I have a general pair with the senior Senator from Ohio; but I understand he has been specially paired on this question, so I will let my vote stand.

Mr. ROBINSON of Arkansas. I regret to announce that the Senator from California [Mr. McADOO] is detained from the Senate on account of illness.

I desire to announce also that the junior Senator from Illinois [Mr. DIETERICH], the senior Senator from Illinois [Mr. LEWIS], the Senator from Florida [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS] are necessarily detained from the Senate.

The Senator from Idaho [Mr. POPE] is necessarily absent attending the funeral of the late Representative COFFIN, of Idaho.

Mr. HEBERT. I desire to announce that the Senator from Ohio [Mr. FESS], the Senator from California [Mr. JOHNSON], the Senator from New Hampshire [Mr. KEYES], and the Senator from Michigan [Mr. VANDENBERG] are necessarily detained from the Senate.

I also desire to announce the following general pairs:

The Senator from New Hampshire [Mr. KEYES] with the Senator from Indiana [Mr. VAN NUYS], the Senator from Michigan [Mr. VANDENBERG] with the Senator from Idaho [Mr. POPE], and the Senator from Ohio [Mr. FESS] with the Senator from Illinois [Mr. DIETERICH].

I also announce that the Senator from Pennsylvania [Mr. REED] is detained from the Senate on account of illness.

The result was announced—yeas 29, nays 53, as follows:

YEAS—29

Ashurst	Duffy	McCarran	Thomas, Okla.
Bankhead	Frazier	McGill	Townsend
Borah	Goldsborough	McNary	Walcott
Carey	Hatfield	Norbeck	Wheeler
Copeland	Kean	Nye	White
Cutting	Logan	Patterson	
Dickinson	Lonergan	Smith	
Dill	Long	Steiwer	

NAYS—53

Adams	Clark	Hastings	Robinson, Ark.
Austin	Connally	Hatch	Robinson, Ind.
Bachman	Coolidge	Hayden	Russell
Bailey	Costigan	Hebert	Schall
Barbour	Couzens	King	Sheppard
Barkley	Davis	La Follette	Shipstead
Black	Erickson	McKellar	Stephens
Bone	Fletcher	Metcalf	Thomas, Utah
Brown	George	Murphy	Thompson
Bulkley	Gibson	Neely	Wagner
Bulow	Glass	Norris	Walsh
Byrd	Gore	O'Mahoney	
Byrnes	Hale	Pittman	
Capper	Harrison	Reynolds	

NOT VOTING—14

Caraway	Keyes	Pope	Vandenberg
Dieterich	Lewis	Reed	Van Nuys
Fess	McAdoo	Trammell	
Johnson	Overton	Tydings	

So Mr. LONG's amendment was rejected.

The VICE PRESIDENT. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

Several Senators called for the yeas and nays, and they were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. CAREY (when his name was called). On this question I have a special pair with the Senator from California

[Mr. JOHNSON]. If he were present, he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. HEBERT (when his name was called). On this vote I have a pair with the Senator from Illinois [Mr. LEWIS]. If present, the Senator from Illinois would vote "yea." If permitted to vote, I should vote "nay."

Mr. WALCOTT (when his name was called). I have a pair with the junior Senator from California [Mr. MCADOO]. I understand on this question he would vote "yea" if present. Being unable to obtain a transfer, I must withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. ROBINSON of Arkansas. I again announce my pair with the Senator from Pennsylvania [Mr. REED]. I transfer that pair to the junior Senator from Florida [Mr. TRAMMELL] and vote "yea." I am advised that if the Senator from Pennsylvania were present he would vote "nay."

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED] is detained from the Senate on account of illness.

I desire to announce also that the following Senators are necessarily detained from the Senate: The Senator from Ohio [Mr. FESS], the Senator from California [Mr. JOHNSON], the Senator from New Hampshire [Mr. KEYES], and the Senator from Michigan [Mr. VANDENBERG].

I wish to announce the following pairs on this question: The Senator from New Hampshire [Mr. KEYES] with the Senator from Indiana [Mr. VAN NUYS], the Senator from Michigan [Mr. VANDENBERG] with the Senator from Idaho [Mr. POPE], and the Senator from Ohio [Mr. FESS] with the Senator from Illinois [Mr. DIETERICH].

I am advised that if present the Senator from Indiana [Mr. VAN NUYS], the Senator from Idaho [Mr. POPE], and the Senator from Illinois [Mr. DIETERICH] would vote "yea", and that the Senator from New Hampshire [Mr. KEYES], the Senator from Michigan [Mr. VANDENBERG], and the Senator from Ohio [Mr. FESS] would vote "nay."

Mr. ROBINSON of Arkansas. I regret to announce that the Senator from California [Mr. MCADOO] is detained from the Senate on account of illness.

I desire to announce that the following Senators are necessarily detained from the Senate: The Senator from Massachusetts [Mr. COOLIDGE], the junior Senator from Illinois [Mr. DIETERICH], the senior Senator from Illinois [Mr. LEWIS], the Senator from Flordia [Mr. TRAMMELL], the Senator from Maryland [Mr. TYDINGS], and the Senator from Indiana [Mr. VAN NUYS].

I also wish to announce that the Senator from Idaho [Mr. POPE] is absent attending the funeral of the late Representative COFFIN.

The result was announced—yeas, 55, nays 25, as follows:

YEAS—55

Adams	Caraway	King	Overton
Ashurst	Clark	La Follette	Pittman
Bachman	Connally	Logan	Reynolds
Bailey	Costigan	Lonergan	Robinson, Ark.
Bankhead	Cutting	Long	Russell
Barkley	Dill	McCarran	Sheppard
Black	Duffy	McGill	Shipstead
Bone	Erickson	McKellar	Smith
Borah	Fletcher	Murphy	Stephens
Bulkley	Frazier	Neely	Thomas, Okla.
Bulow	George	Norbeck	Thomas, Utah
Byrd	Harrison	Norris	Thompson
Byrnes	Hatch	Nye	Wheeler
Capper	Hayden	O'Mahoney	

NAYS—25

Austin	Gibson	Kean	Townsend
Barbour	Glass	McNary	Wagner
Brown	Goldsborough	Metcalf	Walsh
Copeland	Gore	Patterson	White
Couzens	Hale	Robinson, Ind.	
Davis	Hastings	Schall	
Dickinson	Hatfield	Steiwer	

NOT VOTING—16

Carey	Hebert	McAdoo	Tydings
Coolidge	Johnson	Pope	Vandenberg
Dieterich	Keyes	Reed	Van Nuys
Fess	Lewis	Trammell	Walcott

So the bill was passed.

ANNUAL CONSIDERATION OF PERMANENT APPROPRIATIONS

Mr. HAYDEN. Mr. President, I move that the Senate proceed to the consideration of the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (H.R. 9410) providing that permanent appropriations be subject to annual consideration and appropriation by Congress, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

RETIREMENT SYSTEM FOR RAILROAD EMPLOYEES

Mr. HATFIELD. Mr. President, a few days ago I gave notice, on behalf of the Senator from New York [Mr. WAGNER] and myself, that at the conclusion of the consideration of the silver bill I should move to take up the bill (S. 3231) to provide a retirement system for railroad employees, to provide unemployment relief, and for other purposes. I wish to inquire of the Senator from Arkansas [Mr. ROBINSON] whether or not we will have an opportunity in the very near future to consider that bill.

Mr. ROBINSON of Arkansas. Mr. President, I expect the bill referred to by the Senator from West Virginia will be taken up in the early future. I can make no agreement now about the matter, but I will state to the Senator from West Virginia that it is my expectation that the bill to which he refers will be taken up in the early future.

Mr. HATFIELD. Very well.

ADDITIONAL REPORTS OF COMMITTEES

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 3723) to amend the Mineral Lands Leasing Act of 1920 with reference to oil- or gas-prospecting permits and leases, reported it with amendments and submitted a report (No. 1378) thereon.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was recommitted the bill (H.R. 9046) to discontinue administrative furloughs in the Postal Service, reported it with amendments and submitted a report (No. 1379) thereon.

He also, from the same committee, to which was referred the joint resolution (S.J.Res. 134) to simplify the administration of air-mail routes and contracts, reported it with amendments and submitted a report (No. 1380) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Charles J. Baker, of South Carolina, to be collector of customs for customs collection district no. 16, with headquarters at Charleston, S.C., in place of Frederick G. Davies;

Bolon B. Turner, of Arkansas, to be a member of the Board of Tax Appeals for term of 12 years from June 2, 1934, vice William C. Lansdon, term expired; and

J. Russell Leech, of Pennsylvania, to be a member of the Board of Tax Appeals for term of 12 years from June 2, 1934 (reappointment).

Mr. WALSH, from the Committee on Finance, reported favorably the nomination of Charles P. Smith, of Massachusetts, to be a member of the Board of Tax Appeals for term of 12 years from June 2, 1934 (reappointment).

Mr. DILL, from the Committee on Interstate Commerce, reported favorably the nomination of Clyde L. Seavey, of California, to be a member of the Federal Power Commission for the remainder of the term expiring June 22, 1935, vice George Otis Smith.

Mr. BLACK, from the Committee on the Judiciary, reported favorably the nomination of Carlisle W. Higgins, of North Carolina, to be United States attorney, middle district of North Carolina, to succeed John R. McCrary, whose resignation is effective July 1, 1934.

Mr. LOGAN, from the Committee on the Judiciary, reported favorably the following nominations:

Charles W. Robertson, of South Dakota, to be United States marshal, district of South Dakota, to succeed Chester N. Leedom, whose term expired June 10, 1934; and

George Philip, of South Dakota, to be United States attorney, district of South Dakota, to succeed Olaf Eidem, whose term expired June 10, 1934.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

ALFRED YEISER—RECONSIDERATION OF CONFIRMATION

Mr. McKELLAR. Mr. President, as in executive session, I ask unanimous consent that the vote by which the nomination of Alfred Yeiser to be postmaster at Palmyra, Pa., was confirmed on Saturday, June 9, 1934, may be reconsidered and that the nomination recommited to the Committee on Post Offices and Post Roads.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EXTENSION OF TEMPORARY PLAN FOR DEPOSIT INSURANCE—CONFERENCE REPORT

Mr. FLETCHER. Mr. President, the conferees have made their report on Senate bill 3025, the bank-deposit insurance bill, and I desire to give notice that I expect to call it up for consideration tomorrow morning.

FEDERAL HOME LOANS—ADDRESS BY HON. JOHN H. FAHEY

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD a very able and enlightening address made by Hon. John H. Fahey, Chairman of the Federal Home Loan Bank Board, over a Nation-wide radio network on May 1, 1934, in explanation of loans made by the home-loan bank.

There being no objection, the address was ordered printed in the RECORD, as follows:

FEDERAL HOME LOANS EXPLAINED

It was my privilege to speak to the radio-forum audience just 5 months ago on the subject of the Home Owners' Loan Corporation. I described its purpose in helping to save the urban homes of more than half a million American families who were in serious danger of losing them through foreclosure.

I also mentioned the obstacles which the Corporation faced in the flood of applications for relief that had come to us from home owners who were not in distress. They were, therefore, not eligible for loans from the Corporation. Their applications have hampered the very urgent job of our State and branch offices in handling hundreds of thousands of applications for loans from home owners who were desperately in need of assistance from the Corporation.

Now I wish to cover a broader field than merely the relief aspect of home financing. I would like to discuss what the Federal Government is doing for the benefit and protection of all home owners, including the 9,000,000 who are not in financial difficulty at all. Nearly everyone who owns his home has been obliged to postpone the ordinary repairs on his property because of hard times, reduced income, and the acute scarcity of home-mortgage money during the past few years.

It is a timely subject, because President Roosevelt has recently signed a new act of Congress which is likely to have very definite results in creating new employment in the building trades and in making Federal and private home-mortgage money available in larger volume. It should also be effective in preventing the abuses that developed under earlier legislation and in stimulating the healthy revival of private investment in loans that are based upon the best of all possible security; that is, conservative first mortgages on American homes.

Before I deal with this new legislation and what it means, let me first describe the ways in which the three different agencies under the supervision of the Federal Home Loan Bank Board are attacking this whole question of restoring home ownership and home finance to normal stability.

One of these three methods is represented by the Home Owners' Loan Corporation, which is strictly a relief agency. Most of you are familiar with its work of helping hard-pressed home owners by exchanging their present mortgage indebtedness for new loans made to them by the Corporation. When I spoke on this program last November, the Corporation had made loans to about 16,000 home owners, in the amount of $43,000,000. As a result of the progress since then, the Corporation has now made loans to more than 200,000 different home owners in the amount of over $600,000,000. More than $50,000,000 in loans are now being closed every week.

In addition to these 200,000 cases where relief has already been granted and the tragedy of foreclosure avoided, there are 470,000 other home owners who are no longer under the immediate threat of foreclosure because their applications are being handled, even though the loans are not yet closed. Our task is far from finished. The accomplishment so far simply gives assurance that we no longer face, as we did a year ago, the risk of a great uncontrollable wave of default and foreclosure upon half a million or more homes, with serious problems for the financial institutions which have lent billions of dollars on home mortgages.

It should be kept in mind that the Home Owners' Loan Corporation is purely an emergency operation, dealing directly with the home owner. It is only one of three steps which the Government has taken through the Federal Home Loan Bank Board to restore health, security, and activity to American home building and home ownership. The two other steps are not emergency measures, but are permanent undertakings which are intended to make home mortgage finance safer and more economical for investors and borrowers and to release money for employment in repair and construction work that has been long delayed.

Of these two permanent agencies, the first is the Federal Home Loan Bank System. It was formed by act of Congress in July 1932, and now embraces more than 2,400 building-and-loan associations, savings banks, and other private home-financing institutions in a great credit reserve system. It is similar in purpose and operation to the Federal Reserve System, except that it is confined strictly to home mortgage finance, and has nothing whatever to do with commercial credits. The Home Loan Bank System serves under the Federal Home Loan Bank Board through 12 regional home-loan banks, located throughout the United States. Each of these regional banks serves two or more States. By membership in the system an institution makes its own mortgage assets more liquid because they can be used as collateral to secure loans from the Federal bank of its district. Such advances can be used in making additional mortgage loans to home owners for repairs and new building. The present members have borrowed more than $100,000,000 from these banks, and their line of credit entitles them to borrow over $120,000,000 more.

The second permanent governmental agency administered by the Federal Home Loan Bank Board is represented by the Federal savings-and-loan associations. A Federal savings-and-loan association is a local, mutual savings institution. It is very similar to the familiar type of building-and-loan association, except that it operates under a Federal charter and under strict Federal supervision and regulation. It is in that respect an entirely new method for the encouragement of long-term savings, which in turn are lent to home owners on sound mortgage security. Its shares are bought by thrifty people, either in outright lump sums at the par value of $100 a share or in installment payments as low as 50 cents per share per month. A Federal savings-and-loan association is privately managed by local business and professional men of recognized judgment and experience. Every shareholder have a voice in its management and operation.

It is in no sense a Federal enterprise, any more than a national bank is. The Federal Government has recognized the soundness of these institutions, however. It expects to invest its own funds in their shares, in order to make more money available for conservative home loans in large and small communities throughout the United States. Congress provided for the establishment of the Federal savings-and-loan associations last June. Already, nearly 300 of these institutions are in operation. One of them was recently organized in New York City. Others have been chartered in Chicago, Philadelphia, Detroit, Cleveland, St. Louis, and in hundreds of smaller communities in 34 different States. Within the next year or two, several hundred more will undoubtedly be established in other towns and cities. Some will be new associations. Others will be old established building-and-loan associations, formerly under State charter, which will convert themselves into Federal savings-and-loan associations because of the safeguards and advantages which their shareholders would gain by such conversion.

As it continues to develop in size and membership, the Federal Home Loan Bank System will be an increasingly strong source of protection to all home mortgage borrowers and lenders. It makes home credit more liquid and more flexible. In doing so, it corrects the past difficulty which has led to the freezing up of sound mortgage assets held by financial institutions. That difficulty was that the depositor wanted his money on short notice at the very time when it was difficult to convert such long-term indebtedness as a mortgage into cash at its face value. Membership in the Home Loan Bank System makes it relatively easy for a thrift or home-financing institution to use its own mortgage assets as collateral for advances from a Home Loan bank and thus create new credit with which to meet any emergency or any severe scarcity of private mortgage funds.

Now, with regard to the second permanent Federal agency in home finance, the Federal savings-and-loan associations. Without wishing to assume the role of prophet, I venture to express the belief that these institutions are likely to go far in assuring a sounder and more adequate source of private funds for home financing. The public is already becoming familiar with their investment merits and the safeguards which they offer to large and small savings. In the towns in which such associations have already been chartered, their shares have proved attractive to thrifty people. The purpose of these mutual institutions to furnish local mortgage money has brought them the endorsement of leading citizens in all sections. Many such men are now serving as directors of such associations as a matter of constructive civic enterprise.

Before I discuss the new amendments to the Home Loan Act passed by Congress and signed on April 27 by President Roosevelt, I wish to call your attention to a very important change which is being brought about in American home mortgage loans, largely as a result of these three Federal undertakings and which I have just explained. The change to which I refer probably means very general abandonment of the old-style home mortgage which was made out for a term of 1, 3, 5, or 7 years and fell due in full at maturity date. That type of mortgage is being replaced by an entirely different form of loan which is safer for the lender and more convenient for the home-owner borrower.

This new class of mortgage is not really new at all. It has been employed for over a century in most European nations and by American building-and-loan associations, but it has not been widely used by other lenders in this country. It is known as the amortized loan. On such a loan the borrower does not have to pay off the entire principal at maturity within a short period of years. Instead, he pays it off gradually, month by month, from the very time his loan is made until the principal has been entirely repaid at the end of from 7 to 15 or 20 years.

This type of loan is used exclusively by the Home Owners' Loan Corporation and by the Federal savings-and-loan associations. It is the type of loan on which the Federal home-loan banks are empowered to advance a larger ratio against underlying property values than on any other type of mortgage.

To illustrate the superiority of the amortized loan, let us take a specific example. A home owner with a straight mortgage for $3,000 at 6 percent pays $90 every 6 months as interest. At the end of only 3 years he is obliged to pay off or to renew his entire $3,000 principal. If the loan falls due in a time of general depression or of reduced personal earnings, the home owner will have serious difficulty in paying or renewing it, and may lose his home through foreclosure.

If, on the other hand, the home owner made his $3,000 loan at the same interest rate of 6 percent on a 15-year amortized basis, he would simply pay $25.32 each month as combined principal and interest for 15 years. He never has to make a single payment of more than $25.32 a month. At the end of the 15 years he has paid off the entire $3,000.

The wide-spread use of the short-term mortgage loan by the banks and other mortgage lenders has been one of the principal causes for the difficulties of home owners in recent years and has intensified the depression greatly. I suggest that you bear in mind the vital importance of this evolution toward the amortized loan as a stronger and more practical form of investment, to say nothing of its desirability for the borrower himself.

Now let us consider the new legislation which has just been passed by Congress to amend the Home Owners' Loan Act. It greatly strengthens the entire structure of the Home Owners' Loan Corporation, the Federal home-loan banks, and the Federal savings-and-loan associations. Five features of this amendment are of special importance to home owners.

First of all, the United States Government has now placed its full and unconditional guaranty on both principal and interest of the bonds of the Home Owners' Loan Corporation, which until now have been guaranteed as to interest only. This change means that any lender who has been carrying a home mortgage which was in default or in serious difficulty may now effect the exchange of that mortgage for a bond that is a direct obligation of the United States, provided the new loan is approved by Corporation officials.

In that connection the second most important provision of the new act is one which strictly limits loans made by the Corporation to those home owners who were in involuntary default on their mortgages as far back as June 13, 1933, or whose default, if it took place at a later date, was due to circumstances entirely beyond the borrower's control, such as unemployment. The Corporation absolutely will not make loans unless the applicant can prove that such default has developed in spite of everything that he could do to avoid it.

This new restriction automatically limits the Home Owners' Loan Corporation to loans where relief is actually needed. It makes it impossible for either a borrower or lender to take unfair advantage of the Corporation without incurring the risk of severe penalties for misrepresentation. It means that a home owner who deliberately commits default on his original mortgage in order to get a loan from the Corporation at a lower rate of interest cannot obtain the loan. He simply wrecks his credit standing in his own community by applying for such assistance. By such willful default and repudiation he also runs the prompt risk of foreclosure action and the loss of his home.

This part of the amendment likewise prevents a lender from bringing unfair pressure on the borrower by asking him to reduce the principal of his loan when that loan already is in sound condition. In recent weeks because of the high cash value of the Corporation bonds, certain lenders have tried to force their borrowers into distress by demanding a reduction of the principal of their loans when there was no good reason for such action, and have urged borrowers "to apply for help from the Home Owners' Loan Corporation." The new amendment puts a stop to this.

The third vital section of the new amendment authorizes $200,000,000 to be advanced by the Home Owners' Loan Corporation for repairs and modernization of the properties on which it makes loans. Nearly all of the half million homes on which the Corporation expects to grant loans will require some expenditure for repair and maintenance to make up for long-deferred upkeep and the effect of wear and tear on the property.

A surprising proportion of our American homes are today a long way from being what they should be. In a country possessing the wealth and resources which we command our people should have the best homes in the world at the lowest cost. In dealing with the housing problem for people of moderate income we are far behind some of the older European countries. A large proportion of our present homes can be improved greatly and brought up to date at very moderate cost.

The Home Owners' Loan Corporation can now advance money for this work on the homes on which it makes loans wherever the situation of the borrower justifies this course. It would be unwise for the Corporation to encourage people to assume new debts which they would be unable to pay. It is not helpful to entice a man into contracting a debt he can never discharge and thus add to his anxiety and trouble. The Corporation does not intend to pursue such a policy. It will, however, be prepared to finance within reasonable limits the improvement and modernization of the homes on which it takes mortgages. This undertaking should be helpful in demonstrating to many communities what surprising things may be done to an old house at little cost to make it more modern and livable.

This $200,000,000 fund is restricted to a relatively small proportion of home owners in this country. At the same time it represents the equivalent of employment for not less than 125,000 men for a period of 1 year, to be engaged in labor on these houses or in the manufacturing and transportation of materials.

The fourth change brought about by this new amendment deals with Federal savings-and-loan associations. I have explained that the United States Government, in recognition of the soundness of these institutions, is permitted to invest its own funds in the shares of these associations. In the past the Government could not subscribe for more than $100,000 in the shares of any one Federal savings-and-loan association.

Under the new law, the Treasury may buy full-paid income shares of such an association up to 75 percent of the entire amount subscribed by private shareholders and the Government together. I need hardly emphasize what this means in increasing the supply of mortgage money available to home owners throughout the United States. It means, for example, that an established building-and-loan association, with $5,000,000 in resources that is converted into a Federal savings-and-loan association, would have access to Federal participation up to $15,000,000. In other words, four times as much money is made available for home loans in its vicinity as is supplied simply by local private savings.

Another important change effected by this new amendment is that it will no longer be possible for borrowers from the Home Owners' Loan Corporation to exercise the right to postpone all payments on principal up to June 1936 as has been the case in the past. All borrowers, except in proven necessitous cases, will be obliged to make combined payments of principal and interest each month. It was found that many borrowers who were well able to make principal payments had abused the privilege of deferring payments when there was no good reason for doing so. Bear in mind that the monthly payment required for both principal and interest is only $7.91 for each $1,000 of loan. The average loan so far made by the Corporation, among 200,000 borrowers, is slightly more than $2,900, on which the combined principal and interest installment each month is less than $23.

You will see, therefore, that the Corporation is not only saving hundreds of thousands of homes for their owners, but it is enabling them to pay off their mortgages on very easy terms. The home owners who receive such generous help should not invite future trouble by failing to pay off their debts as rapidly as they can. The Corporation does not intend to be unjust to any borrower, but neither does it propose to allow the Government to be imposed upon.

The Home Owners' Loan Corporation is but one of the many constructive agencies which owe their existence to the statesmanship and foresight of our President. His interest in the home ownership problem is long standing and well known. Despite the many tremendous questions the President is called upon to face from day to day, the housing problem is never put aside. Whenever it requires his personal attention the time is made available for its consideration. Under such encouragement the Corporation is carrying forward a work of home protection and refinancing such as no country has ever before done for its people. It is not only entitled to the support of all right-minded citizens, but it certainly merits the prompt payment of obligations by those who are benefited.

It is hartening to those engaged in this work to observe not only the appreciation of the vast majority of those who have been aided, but their observance of the letter of their contract with their Government. We received hundreds of thousands of payments on loans even before the bills had been sent out.

In conclusion, may I offer a word of encouragement for home owners and prospective home owners who in the recent past have had difficulty in obtaining mortgage loans for repairs or new construction. Our Board in Washington is, of course, in close touch with thousands of home-financing institutions throughout the country. Within the past few weeks we have been informed that private capital in increasing amounts is being made available in many parts of the country for sound loans to responsible home owners. Private savings invested in such institutions, supplemented by the resources of the Federal savings-and-loan associations and of the Federal Home Loan Bank System, are expected to remove the most serious obstacle to urgently needed home building and repair which has faced American home owners during the past 4 years—namely, the scarcity of mortgage money.

In addition to the resources which I have mentioned, the President has proposed further plans for the cooperation of private capital with the Federal Government to make available a large sum of money to home owners of sound credit reputation, particularly for repair and modernization purposes.

The demand by home owners for loans with which to undertake improvements in their properties is increasing steadily. These people realize that a stitch in time saves nine. They know that every dollar they spend today for such repairs will save them many dollars later on. The longer such upkeep expenditure as reroofing, repainting, and other necessary maintenance of that kind is postponed, the more damage will be done by wear and tear, and the higher the cost of repairs would be.

Mortgage money for these worth-while undertakings is ready to be borrowed. The first step is to get in touch with some well-managed, private home-financing institution, such as a building-and-loan association, savings bank, or insurance company representative in your vicinity, and discuss your repair or building plans and your mortgage requirements fully.

The greatest need, and probably the greatest opportunity for accelerating our progress in the United States today is to have better homes at reasonable cost. To some extent, this means building new homes. To a much wider degree it means the modernization of good homes that have been built in the past. Millions of people in this country, of large and small incomes, are living in houses which could be made far more comfortable and more attractive with only a small outlay of money.

Let me assure you that the Federal Government is bending every effort to help American home owners in that direction. The time is coming when more people will insist upon taking just as much pride in their homes as they do now in their motor cars. They will insist upon good architecture, sound construction, and proper community planning as the necessary steps toward better and more permanent value and lower cost. Every citizen should give his self-interested cooperation to these vital changes which are now taking place.

DEATH OF REPRESENTATIVE COFFIN, OF IDAHO

The VICE PRESIDENT. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The Chief Clerk read as follows:

IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES,
June 9, 1934.

Resolved, That the House has heard with profound sorrow of the death of Hon. THOMAS C. COFFIN, a Representative from the State of Idaho.

Resolved, That a committee of four Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect, this House do now adjourn.

Mr. BORAH. Mr. President, I send to the desk resolutions which I ask to have read and immediately considered.

The resolutions (S.Res. 265) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. THOMAS C. COFFIN, late a Representative from the State of Idaho.

Resolved, That a committee of two Senators be appointed by the Vice President to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Under the second resolution, the Vice President appointed Mr. BORAH and Mr. POPE the committee on the part of the Senate.

Mr. BORAH. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate take a recess until 11 o'clock tomorrow morning.

The motion was unanimously agreed to; and (at 6 o'clock and 30 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, June 12, 1934, at 11 o'clock a.m.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 11, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Bishop of our Souls and Shepherd Divine, Thou of the crozier and the cross, let us start this day with gladness and hope of heart. We pray that every today and every tomorrow may bring us closer to the truth of the Ancient of Days. Heavenly Father, for the sake of the good that now is, help us to pass to the better that is to be. Guard our Nation against causes of failure, for quite unconsciously do people lose the great qualities of soul. Almighty God, hold rich man and poor man, statesman and private citizen to the sense of self-control. With heart and brain, may they give themselves to sacrificial, unselfish devotion to those institutions that have made the Republic the friend of all men. Most graciously be with our President these hours and days; crown him with strength and wisdom; and may the pilot wheel of Government ever turn with liberty and justice for all, and may our flag be kept floating toward the morning sun and the evening sunset. In the name of the Prince of Peace. Amen.

The Journal of the proceedings of Saturday, June 9, 1934, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 9184. An act to authorize the Commissioners of the District of Columbia to sell the old Tenley School to the duly authorized representative of St. Ann's Church of the District of Columbia.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2156. An act for the relief of the American-La France Foamite Corporation of New York;

S. 3532. An act granting certain property to the State of Wisconsin for institutional purposes;

S. 3553. An act to provide for the creation of a commission to examine into and report the clear height above the water of the bridge authorized to be constructed over the Hudson River from Fifty-seventh Street, New York, to New Jersey; and

S. 3739. An act authorizing the President to convey certain buildings, material, and equipment to the Government of the Republic of Haiti.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 9002. An act to provide relief to Government contractors whose costs of performance were increased as a result of compliance with the act approved June 16, 1933, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8781) entitled "An act to increase employment by authorizing an appropriation to provide for emergency construction of public highways and related projects, and to amend the Federal Road Act, approved July 11, 1916, as amended and supplemented, and for other purposes."

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

THE LEMKE-FRAZIER BILL

Mr. DOWELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DOWELL. When a motion to discharge a committee has been on the calendar for more than 7 days, is it not in order that that should be called up at this time?

Mr. BLANTON. Is there any such motion?

Mr. SWANK. Mr. Speaker, I rise to a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SWANK. Mr. Speaker, I filed a motion to discharge the Committee on Agriculture from further consideration of what is known as the "Lemke-Frazier farm bill." That motion was placed on the Discharge Calendar the 2d day of June, and it has been on there now for 9 days. The rule